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U. S. Agency for International Development



**COUNTRY DEVELOPMENT STRATEGY  
FOR  
BELIZE**

**1991 - 1995**

**USAID MISSION TO BELIZE  
March 1989**

AGENCY FOR INTERNATIONAL DEVELOPMENT  
UNITED STATES A. I. D. MISSION TO BELIZE  
EMBASSY OF THE UNITED STATES OF AMERICA  
BELIZE CITY, BELIZE, CENTRAL AMERICA

March 29, 1989

Mr. Frederick Schieck  
Acting Assistant Administrator  
Bureau for Latin America and the Caribbean  
Agency for International Development  
Washington, D.C. 20523

Dear Fred:

I am pleased to present USAID/Belize's 1991-1995 Country Development Strategy Statement for your consideration. I believe you will find it presents a compelling case for continued assistance to Belize and a tightly-focused and coherent strategy for the next five years.

Both the Government of Belize and USAID can be justifiably proud of the results achieved in our first five years of collaboration. Unlike its neighbors, Belize has been singularly successful in its economic stabilization program which has resulted in increased revenues, increased public sector savings, healthy foreign exchange reserve levels, elimination of crippling public sector subsidies and privatization/restructuring of public enterprises.

Belize is now poised for take-off to sustainable economic growth. The economic climate is currently encouraging foreign and domestic private sector investment, the engines that will drive this growth. Unfortunately, these gains are now being threatened by new developments. Drug traffickers, Belizean and foreign, sensing the vulnerability of Belize's still fragile economic and institutional structures, are increasingly seeking to exploit the country as a production and operating base. And Belize's social fabric is being strained by a very young population rapidly entering the reproductive period, and by a wave of Hispanic refugees fleeing political and economic unrest in Belize's Central American neighbors, a wave that will continue as long as the unrest continues.

USAID seeks Belize's continued political stability and sustainable, private sector-led economic growth. Despite generally good economic performance, Belize has not yet

Mr. Frederick Schieck

March 29, 1989

achieved a self-sustained development take-off. Therefore, continued A.I.D. funding at the proposed level in the CDSS is necessary to ensure that Belize achieves sustainable long-term economic growth in the decade of the 90's.

Faced with the requirement to limit the size of the A.I.D. program and the administrative overhead, USAID will concentrate its efforts in two key sectors of the economy -- agriculture and tourism -- the two high priority sectors for the Government and in which growth potential is the greatest. They are the sectors which, if allowed to grow without adequate planning and management, pose the most threat to sustainable economic development -- the tropical forests and soils, and wildlife resources. The tremendous opportunities for long-term development of tourism if uncontrolled will close off future possibilities if tropical forest ecosystems and the coral reef are ruined. The next few years are critical and will determine whether Belize with its great potential can successfully plan and effectively manage its economic development guided by sound macro-economic and environmental principles, or embark on a course of irreversible natural resource destruction and economic deterioration.

The United States has a unique comparative advantage in Belize to assist at both the policy and institutional development level. Thus our strategy proposes a program focused on a single goal of sustainable economic growth driven by private sector investment with special emphasis on resource planning and management.

We believe with modest A.I.D. assistance this program should facilitate private investment, create rural jobs, protect the natural resources and launch Belize into self-sustaining economic growth. USAID and the Government of Belize are prepared to meet this challenge.

I look forward to reviewing the CDSS with you in May.

Sincerely,



Mosina H. Jordan  
A.I.D. Representative



*Embassy of the United States of America*

P.O. Box 286  
Belize City, Belize  
Central America  
March 30, 1989

Frederick Schieck, Esquire  
Acting Assistant Administrator,  
Bureau for Latin America and  
the Caribbean,  
Agency for International Development,  
Washington, D.C.

Dear Fred:

I am enclosing our Belize Country Development Strategy Statement (CDSS) for the fiscal years 1991-1995. I have worked closely with USAID in the preparation of this strategy statement and I strongly endorse it to you. It has my full support.

We are projecting a modest but crucial level of required resources. Our program here has already had very significant impact, but the job is not done. With this more tightly focussed approach, I am confident that Belize will continue to produce more "bang for the buck," than any AID program that I have been associated with in more than thirty years in this business.

We are working with a government and society which has been responsive to our views. That is already showing up in the turn around in national financial accounts and the upturn in economic growth.


I cannot emphasize too much, however, that these positive developments are still fragile, and cannot be sustained at this stage without continued outside support. The British cannot and will not do enough alone. Their role here is historical but waning. The United States and U.S. national interests are predominant in this region. The responsibility for success or failure will to a significant degree be ours. In Belize the chances are good if we sufficiently stay the course. If we don't we could in a very few years have another nasty little problem child in the region.

The economic growth in freedom which is undergirded by our programs is essential in our fight against the plague of narcotics trafficking, and in the effort (showing signs of early success) to turn around the severe brain drain to North

America which decimated the current adult generation of Belize. As eloquently outlined in the CDSS, this all sits against the background of uncontrolled refugee migration from the troubled areas of the region, bringing poverty, illiteracy, disease, and potential political unrest with it.

I urge you to review the CDSS with care. I consider it the soundest and most significant economic analysis to come out of Belize in recent years. I hope we will have your full support in the fight for the modest but important resources required for the years ahead.

Warm regards,



Robert G. Rich, Jr.  
Ambassador

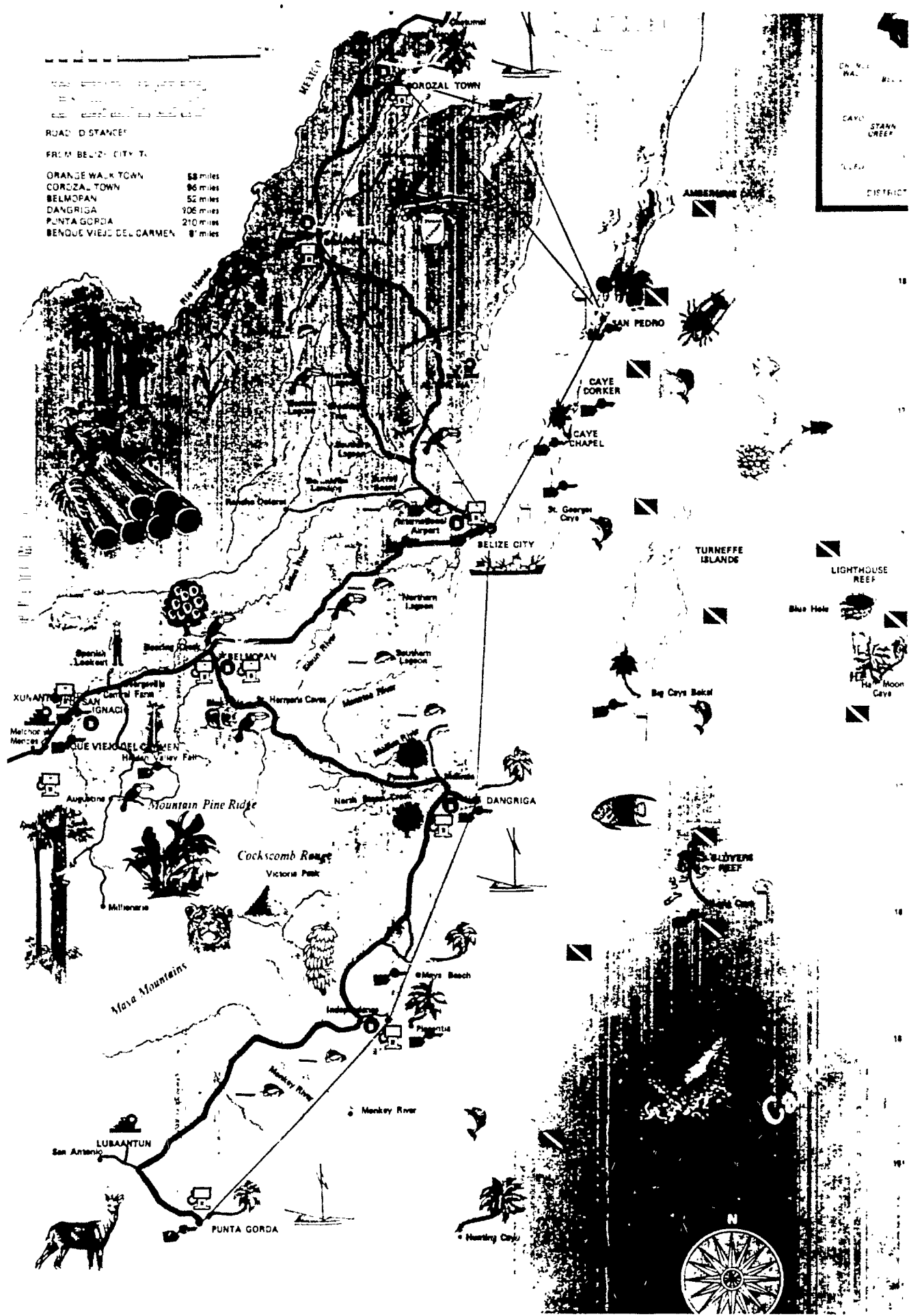
Enclosure:

Country Development and Strategy Statement,  
Belize, FY 1991-95.

ROAD DISTANCES  
FROM BELIZE CITY TO:

ORANGE WALK TOWN	58 miles
COROSAL TOWN	96 miles
BELMOPAN	52 miles
DANGRIGA	906 miles
PUNTA GORDA	210 miles
BENQUE VIEJO DEL CARMEN	87 miles

ORANGE WALK TOWN  
CAYO STANN CREEP  
CAYO  
DISTRICT



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## GLOSSARY OF ORGANIZATIONAL ACRONYMS

### Belize, Public Sector:

BCB	Banana Control Board
BEB	Belize Electricity Board
BISRA	Belize Institute of Social Research and Action
BMB	Belize Marketing Board
BNTC	Belize National Tourism Council
BTB	Belize Tourist Board
CB	Central Bank
DFC	Development Finance Corporation
GOB	Government of Belize
MED	Ministry of Economic Development
MNR	Ministry of Natural Resources
MOA	Ministry of Agriculture
MOH	Ministry of Health
MOE	Ministry of Education
PUP	People's United Party
UDP	United Democratic Party

### Belize, Private Sector:

BABCO	Belize Agribusiness Company
BARD	Belize Agency for Rural Development
BCCI	Belize Chamber of Commerce and Industry
BEIPU	Belize Export and Investment Promotion Unit
BEST	Belize Enterprise for Sustained Technology
BFLA	Belize Family Life Association
BIM	Belize Institute of Management
BLPA	Belize Livestock Producers Association
BTIA	Belize Tourist Industry Association
CGA	Citrus Growers Association
NDF/B	National Development Foundation of Belize

### Regional:

CARDI	Caribbean Research and Development Institute
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CFNI	Caribbean Food and Nutrition Institute
CFSC	Caribbean Financial Services Corporation
IDB	InterAmerican Development Bank
LAAD	Latin America Agribusiness Development
OAS	Organization of American States
PAHO	Pan American Health Organization
UWI	University of the West Indies



Other International

CDC	Commonwealth Development Corporation
CIDA	Canadian International Development Agency
EDF	Economic Development Fund (of the EEC)
EEC	European Economic Community
FAO	United Nations Food and Agriculture Organization
IBRD	International Bank for Reconstruction and Development (World Bank)
IFAD	International Fund for Agriculture Development
IMF	International Monetary Fund
ODA	Overseas Development Assistance (U.K.)
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Fund
UNHCR	United Nations High Commission for Refugees

## Executive Summary

Belize is a study in contrasts: among the best economic growth rates in Central America -- and a falling per capita GDP; the smallest population in Central America -- and the prospect of a 50% population increase in the CDSS period if refugee migration continues unabated; the most unspoiled natural resource base in Central America -- and rapidly increasing slash-and-burn destruction of tropical forests; a democratic government with an open, free enterprise, foreign investment orientation -- and a potentially permanent alienated and disaffected refugee underclass with little or no access to or stake in the maintenance of that system.

Having survived an economic crisis shortly after independence in 1981, the Belizean economy has performed well for the past two years. The small size of the economy -- despite its good economic performance -- limits the surpluses which the government can generate to finance needed development -- particularly infrastructure. Adding to these budget strains are two major international problems -- narcotics and refugees.

The narcotics problem is considered serious enough to threaten democratic institutions in the country. The GOB has been fully cooperative with U.S. efforts in narcotics control (as indeed in all international fora) and has succeeded (with U.S. assistance) in removing Belize from the status of a major producer of marijuana. Extensive spraying operations continue and the use of Belize as a transshipment point is now the growing focus of the program.

Unofficial refugee estimates indicate that as many as 25-30,000 refugees from Central America are in Belize -- 15% of the total population of the country. Serious ecological damage is increasing as these slash-and-burn farmers move into Belize's tropical forest areas. The inability to absorb this group or to provide them services within already stretched budgets is creating a disadvantaged, disaffected group -- and a potential political problem. Projections show a Belizean population containing 1/3 newly arrived refugees by 1995.

Another large group is swarming to Belize in increasing numbers -- the tourists headed for the offshore islands and to the still developing Mayan archaeological sites. Tourism is second only to agriculture in terms of foreign exchange earnings, priority for GOB development, potential for future growth and attractiveness to private investment. There are serious concerns about both the impact of unchecked tourist growth on the ecological carrying capacity of the fragile barrier reef and the effects of development of Mayan sites in currently inaccessible tropical forest areas.

The U.S. seeks Belize's continued political stability and sustainable, private sector-led economic growth. Despite generally good economic performance in recent years, Belize has not yet achieved a self-sustained development take-off. Faced with the requirement to limit the size of its program and its administrative overhead, USAID will concentrate its efforts in the two key sectors of the economy -- agriculture and tourism. The Mission proposes a program focused on a single goal of sustainable economic growth,

driven by private sector investment, with special emphasis on Resource Planning and Management. The strategy is to help the Government of Belize develop the capacity to rationally plan and manage its resources to effectively guide economic growth, while continuing to address key constraints to growth -- inadequate infrastructure (roads), shortage of managerial and technical skills, and a narrow export product base -- in the two priority sectors.

This five-year, \$9 million/year program will enable Belize to plan the best use of its resources in agriculture, forestry (including tropical forestry and biodiversity protection) and tourism development. Along with technical assistance and training in these areas, the program will help the Government plan agriculture and tourism growth in a rational and ecologically sound manner and open areas for private investment and development with a road access program.

With a very modest A.I.D. input, this program should facilitate private investment, create rural jobs, protect the natural resource base and allow Belize to achieve self-sustaining growth. Belize has done the right things. The resource base is sufficient. The size of the economy enables modest A.I.D. investments to have major impacts. We believe that the implementation of this program will facilitate a development success story in Central America.

## I. U.S. INTERESTS IN BELIZE

In recent years United States foreign policy has had an extraordinary focus on Hispanic Central America. Unfortunately, in many instances that focus came only after significant economic, social and political damage had been done. Some of the same pressures for social and economic change which have torn open the rest of Central America exist in Belize as well. There are, however, sufficient strengths and differences in Belize which lead to an optimistic outlook. With minor investments compared to the rest of Central America, Belize can be a noteworthy bastion of stability, democracy and free enterprise in a very troubled region. Rather than crisis management in response after the fact, this CDSS proposes a constructive approach to sustained economic growth and the base that affords social and political stability.

U.S. foreign policy interests in Belize continue to be the support of its stable democratic government with strong ties to the West, its commitment to free-market, private sector-led economic growth with equity, and its firm and sustained cooperation in narcotics interdiction and eradication.

The long history of British colonial status and the continuing role of the British military in Belize have served to delay and limit U.S. involvement. The U.S. "rediscovery" of Central America in the early 1980's, culminating in the Kissinger Commission explosion of Central American A.I.D. funds, came at the time of a sharp downturn in the Belizean economy. That propinquity resulted

in the establishment of an ESF program and a very broad array of project activities. As the spotlight on Central America has dimmed and the need to curtail overall budget levels overshadows all priorities, it is tempting to presume that Belize is doing well enough and that an extraordinary justification is needed for the continuation of an A.I.D. program.

Belize is doing well -- but the performance history is too short, and the underpinning too fragile to justify responsible discussions of phase-out. The major recovery from economic stagnation is only two years old. The stable democratic government will face elections in 1989 -- only the second national election in the independent history of the nation. The Government is holding its own in the narcotics wars, but the resources of the drug cartels dwarf those of the Government, and limited economic opportunities will draw many into the drug culture. Refugee migration from Central America coupled with the brain drain of the best trained Belizeans to the United States is overwhelming the health, education and social services, changing the ethnic, linguistic, and cultural balance of the country, and threatening the environment, both natural and political. On the verge of an all too rare success in Central America, premature phase-out in Belize will expose the fragility of the structures, and be a minor saving to the A.I.D. budget at the potential cost of a quiet U.S. foreign policy victory in Central America.

Following the economic stagnation in the early 1980's and a period of moderate growth, the economy has performed well in the

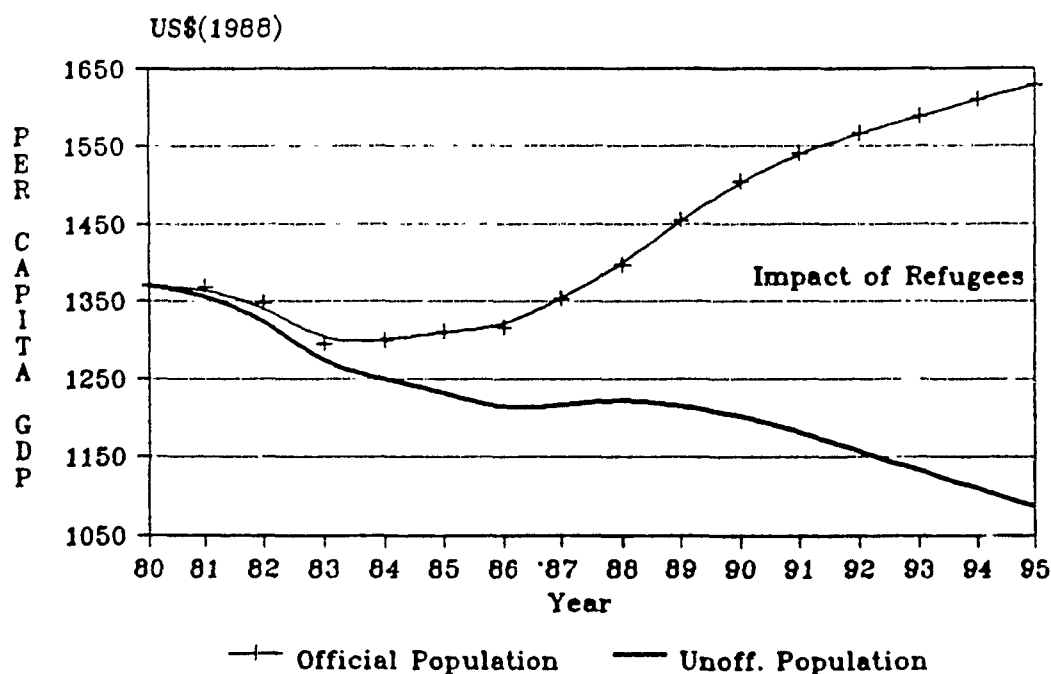
past few years with particularly buoyant private sector growth. This positive outlook needs to be tempered by the realization that virtually all of the products in this export-driven economy are dependent upon trade agreements and concessions which are not within Belize's power to control. This fragility is exacerbated by the small size of the economy and the limited number of exports -- a change in one trade concession could cause serious repercussions in the entire economy.

Central government finances have improved markedly since 1983-84, but are still more than 60% dependent upon taxes on foreign trade. Wages and salaries, which are inadequate at the higher levels of the 3,400 person civil service, account for over half of current expenditures. With debt service and education costs utilizing much of the balance, the possibility of further budget cutting is not great. Taxes have risen quite sharply in recent years, as have the prices of goods and services of public corporations. While some further rationalization and efficiencies are possible, the scope for increasing the current surplus of the public sector is limited. The enormous development needs of the country -- particularly basic infrastructure -- are thus dependent upon donor financing.

Further straining the limited resources is a wave of Central American migration which is estimated by the United Nations High Commission for Refugees (UNHCR) to be as high as 25-30,000 or about 15% of the population of Belize. Preliminary UNHCR analysis shows this group to be largely uneducated peasants from Guatemala and El

Salvador who are slash-and-burn farmers by tradition. The scope and speed of this migration poses a threat to the political, social and economic fabric of Belize. Assimilating large groups of people with different political, social and linguistic backgrounds and with acute economic, educational and health needs in a country straining to provide services for its own citizens is a major challenge. Some results have been the forced closing of enrollments at overcrowded schools, some refugee areas where 90%+ have sought health care, rapidly increasing slash-and-burn destruction of tropical forests, and political repercussions among Belizeans in the impacted areas where assistance to refugees is seen as detracting from services available to Belizeans. The enormity of the refugee impact is dramatically evidenced in the graph below. (Data are in Table 2.)

### Economic Growth Per Capita in Belize 1980 - 1995





Using official population statistics which count only registered refugees, the recovery of the economy in the mid-1980's results in per capita GDP growth averaging about 3% from 1987 through 1991 and continued positive growth through 1995. If, however, one uses the unofficial (and more realistic) refugee totals based on the UNHCR estimates, per capita GDP declines dramatically through the period. Continuation of the current rates will mean a 50% increase in the total population of Belize by the end of the CDSS period. Of the 300,000+ population, 1/3 will be newly arrived refugees!

Belize's sparsely populated countryside, largely unpatrolled borders and extensive coastline have also led to a serious narcotics threat. In cooperation with United States Government agencies, the GOB has mounted an effective marijuana eradication program which has succeeded in removing Belize from the status of a major producer of marijuana. Extensive reconnaissance and spraying operations are scheduled to continue and a trend of reduced cultivation is projected. The more serious threat at this time is the use of Belize as a transshipment point to the United States of cocaine from South America and marijuana from the largely uncontrolled growing areas in the Peten region of Guatemala. The resources available to the international drug network far surpass those available to Belize for interdiction. It is the assessment of the U.S. Embassy that this drug network, if unchecked, "...could threaten Belize's democratic institutions."

Although it faces a broad array of problems -- narcotics, a flood of Central American immigrants, and a fragile economy --Belize remains a democracy with a commitment to free enterprise and foreign investment. The challenges facing Belize are increasing, and a relatively modest A.I.D. input can have a major impact on securing Belize's economic future and political stability, thus significantly furthering U.S. interests in Central America.

## II. OVERVIEW OF THE ENVIRONMENT FOR DEVELOPMENT

While geographically located in Central America, Belize's historical, linguistic, cultural, political and economic affiliations set it apart. Unlike its neighbors, Belize's small land area is sparsely populated, and its natural resources are largely undeveloped and, as yet, unspoiled.

Since independence in 1981, the Belize Government has been democratic, relatively efficient and austere, and very open to policy reforms. The GOB has been very supportive of the United States Government in international fora, very cooperative and increasingly effective in narcotics control.

The U.S. has provided Peace Corps assistance since the early 1960's, investment insurance guarantees via OPIC, and a modest cultural exchange program. Also through its contributions to the Caribbean Development Bank and the IBRD, the U.S. over the years has supported numerous development efforts in Belize and has provided direct assistance on a modest scale through AID regional programs. Full diplomatic relations were established after independence, and Belize was included in the Caribbean Basin Initiative in 1984. The USAID Mission to Belize became operational in January, 1983. Its first Country Development Strategy Statement (CDSS), covering the period 1986-90, was written in August 1983 and updated in April 1984. Consistent with the recommendations of the National Bipartisan Commission on Central America (headed by former Secretary of State Henry Kissinger), the 1984 CDSS indicated that "an extended

period of U.S. economic assistance for Belize was not envisaged, that the income level and human resources development in Belize place it relatively high among the LDCs and that the size of the population relative to the natural resource base gives Belize an excellent chance of reaching middle income status within a decade, and that the obstacles that stand in the way of such an achievement were identified as fiscal instability, a narrow productive base, and the lack of infrastructure." It further cautioned, however, that "these barriers to growth should not be underestimated, for they are indeed formidable, but with a judicious blend of financial assistance, Belize could attain a high and sustainable rate of economic growth within this period of time."

At the time of the 1984 CDSS, the Belizean economy was in a serious predicament. Annual economic growth averaged only 1% from 1981 to 1983; four consecutive years of balance of payments deficit resulted in a \$6 million arrears in external payments, with gross international reserves at an all time low; and the public sector deficit was around 8% of GDP.

As the A.I.D. program went into full gear, Belize's economy grew stronger. Annual real GDP growth averaged 3.2% in 1984-86 and 5.7% in 1987-88. Surpluses in the balance of payments since 1985 -- attributable initially to the ESF Program and IMF Standby arrangement, and more recently, to increased exports and foreign investment -- and increased public sector revenues have significantly improved the country's external and fiscal accounts.

With A.I.D. and other donors' support, the Government has taken important steps to improve economic policies which are conducive to sustainable long-term growth. Major parastatals have been restructured or privatized. Privatization of the Banana Control Board in 1985 has led to a three-fold increase in production and exports over the past four years, turning the once floundering local banana industry into one of the most promising for the 1990s. The Belize Electricity Board, which used to be a major drain on the Government's budget, has undertaken financial and management reforms which now allow it to operate profitably and contribute to public sector savings. The Belize Marketing Board is currently being restructured to operate exclusively as a price stabilization entity, thereby allowing greater private sector participation in local agricultural marketing and reducing the need for Government subsidies to support its operations. With ESF support, the Government has made significant reductions in import restrictions and price controls and has taken steps to standardize the development concessions system.

Over the past four years, USAID has helped strengthen two key Ministries, Agriculture and Economic Development, as well as several private sector institutions, notably, the National Development Foundation of Belize (NDF/B), the Belize Export and Investment Promotion Unit (BEIPU) of the Belize Chamber of Commerce and Industry, and the Belize Institute of Management (BIM), all of which play important roles in accelerating Belize's economic development. NDF/B has provided essential credit and technical assistance to

nearly 1,000 small- and micro-enterprises since 1985. BEIPU has facilitated over 40 new foreign and domestic investments in export activities. BIM, revived in 1986, has provided needed business skills and management training to the public and private sectors.

Belize's heavy dependence on sugar is being reduced. In 1988, sugar exports accounted for only 37% of total commodity export earnings, compared to 58% in 1980. Shares of bananas and citrus have increased correspondingly, and, with USAID support, further diversification is taking place with development of non-traditional crops such as cocoa and tropical fruits.

Reviewing the stated assumptions of the 1984 CDSS, the one clear success has been the short-term stabilization of the Belizean financial situation through the ESF program, significantly aided by a decline in oil import costs, rising sugar prices, and the IMF Standby Agreement. While a good start has been made toward the remaining objectives of sustainable growth and infrastructure development, they have not been achieved. Belize will not reach middle-income status in the 1985-90 period, and the projected negative per capita GDP curve indicates the need for significant further resources.

Belize has brought itself back from economic stagnation by adherence to the policy conditions of the IMF Standby Agreement and the A.I.D. ESF Program. It has an open economy which fosters private enterprise and encourages external investment. The United States is the principal source of that private investment and the principal trading partner. Belize's economic performance should

be viewed in the context of a model "success story" for other small developing countries. While political stability is a factor, the Government's responsiveness in instituting policy changes and providing an environment for private sector-led, export-oriented economic growth is a critical ingredient. This responsiveness is a case in point for performance-based continued economic support.

Despite this performance, the underpinnings which support the economic gains achieved thus far remain fragile. Its small economy cannot generate sufficient surpluses to meet the costs of needed development, especially its infrastructure. The potential for the destruction of the tropical forests and the unique barrier reef increase as slash-and-burn refugees and tourist development are surging at unprecedented rates. The size of the economy makes relatively small U.S. inputs effective here in a positive policy climate, where they would be insignificant in a larger economy.

Other donor assistance is concentrated in heavy infrastructure programs (principally the national highway network and electric power). This has left a niche in which USAID/Belize has built a set of relationships and program expertise in agriculture, private enterprise promotion, tourism, health, education, shelter and overall infrastructure. The two principal areas of projected growth in the economy and the two highest development priorities of the GOB are agriculture and tourism. The objective of the proposed program is to channel private investment and development to maximize job creation and government revenue, protect the natural resource base and enhance government's capacity to plan and manage future growth.

### III. Problem Description and Analysis

#### A. Inadequate Economic Growth

1. Background. The principal activities of Belize's small open economy include agriculture, which constitutes over 20% of GDP and is focused on export-oriented sugar, bananas, citrus and fishing, light manufacturing for export, and tourism. The economy's openness results in a high ratio of imports to GDP and in a high degree of sensitivity to price changes of its principal imports and exports. Its openness to the U.S. markets in terms of imports and salary scales has made Belize a high-cost labor area by developing country standards, particularly since many educated and skilled Belizeans are able to emigrate to the United States. Minimum wages are double those that prevail in much of Central America and the Caribbean, thus attracting workers from neighboring countries.

The cost of production is also high because of the small size of the economy, which drastically limits opportunities for efficient import substitution or economies of scale, increases per unit cost of imports and creates opportunities for monopoly pricing behavior. The low population density increases per capita costs of infrastructure, especially roads, ports, communication and electrical facilities. The resulting shortages of infrastructure, especially roads, have increased the costs of business and constrained potentially profitable investment. Production and living costs have also been affected adversely by a tax system which relies excessively on import taxes and by quantitative



restrictions on imports and other governmental regulatory behavior. The overall impact on consumer and non-labor input prices is that they are typically double what they are in the United States.

These constraints overshadow Belize's endowments of abundant land, democratic government, high literacy rate, and varied tourist attractions. As a result, Belize's production base is dependent upon trade preferences. In particular, sugar, citrus, bananas and garments, which together account for 80% of Belize's commodity export earnings, benefit from trade concessions from the United States (sugar quota, Caribbean Basin Initiative and 807 program) and the European Economic Community (EEC) under the Lome III Convention. These major export crops will remain vulnerable to the loss of trade concessions unless their cost of production is reduced.

2. Economic Trends. During the 1960s and most of the 1970s, the economy of Belize expanded steadily with real GDP growth of 4.5%+ per year. Its expansion was slowed during the early 1980s primarily because of falling sugar prices and rising oil prices. Real GDP grew by less than 2% per year over the 1980-84 period. Belize's balance of payments deteriorated during this period, resulting in a cumulative \$15 million loss of net official foreign reserves and over \$6 million external payment arrears. By December 1984 gross official reserves had fallen to \$6 million, equivalent to less than 3 weeks of imports. The Government borrowed heavily from the domestic banking system to finance the budget deficits, which reached as high as 8.7% of GDP in FY 82/83.

In response, a stabilization program was implemented during 1984-87 that reduced the public sector deficit and tightened monetary policy. The program, supported by an 18-month IMF Stand-by and U.S. Economic Support Funds, contributed to the major improvement in balance of payments which began in 1985 and continues to date. Exports of goods and services grew from 56% of GDP in 1984 to 59% in 1988, while imports declined from 71% of GDP in 1984 to 67% in 1988. As a result, the current account deficit decreased from \$22 million in 1984 (12% of GDP) to \$11 million in 1988 (4.5% of GDP). All arrears were eliminated in 1985 and, with increased inflows of official loans and private capital, the economy has achieved balance of payments surpluses since 1985. These surpluses over the 1985-88 period generated a \$45 million increase in net official foreign reserves. Gross official reserves in December 1988 were \$51 million, equivalent to 3.5 months of imports.

The improved balance of payments is mirrored in the economy's overall performance. Real GDP grew by 5.5% and 5.9% for 1987 and 1988, respectively. This renewed growth is based upon improved sugar prices and expanding exports, especially citrus, bananas and garments, and tourism growth. The improved economic environment, including reduced public sector competition with the private sector for domestic credit, price stability and a declining real effective exchange rate as a result of the stabilization program, has been instrumental in the economy's recovery.

The overall public sector deficit was reduced from 8.7% of GDP in FY 82/83 to 2.9% of GDP in FY 87/88. New tax measures and

improved operations of the public enterprises, mainly through higher charges for electricity, water and telephone, resulted in a shift from public sector dissavings of 2.1% of GDP in FY 83/84 to public sector savings of 7.8% of GDP in FY 87/88. In addition, the GOB cut development expenditure and outlays for goods and services, while wages, debt amortization and interest payments increased. Total public sector expenditure relative to GDP declined during FYs 84/85 to 86/87 but returned to its previous level of almost 37% of GDP in FY 1987/88 as a result of substantial GOB investment in Belize Telecommunications Limited. An average 17% of total public sector expenditure during FYs 84/85 to 87/88 came from grants and net external financing. This level is equivalent to 86% of the Government's development expenditure during this period. Due to increased trade-related tax revenues, the overall fiscal situation continued to improve in FY 88/89, with the overall deficit projected to drop to 0.5% of GDP. However, estimated capital and total expenditures did not keep up with the growth in GDP in FY 88/89.

3. Income, Employment and Poverty. The slow growth during the the first half of the 1980s caused per capita income to fall almost 6% through 1983 and then stagnate through 1986. Recent growth has generated apparent per capita income increases near 3% per year, based on official population estimates. However, if unofficial but credible population estimates (including those of the UNHCR) are used which include some 25,000 additional refugees than are allowed for in the official estimates (approximately 5,000), per capita income and growth rates are correspondingly lower and the declines

continue through the CDSS period. Thus, with the official population estimate of 178,000 in 1988, per capita income is estimated at \$1,397 or slightly higher than the 1980 level of \$1,371. With the unofficial population figure of 203,000, the per capita income is much less at \$1,225, or 10.6% lower than the 1980 level.

While income distribution data is not available in Belize, past World Bank reports have indicated that income appears to be relatively evenly distributed in Belize, compared to other countries with extreme disparities between rich and poor. Nonetheless, poverty is endemic in Belize and is truly acute for the large urban family where the head of household is unemployed, for the more disadvantaged small farmers in all districts who lack access to inputs and markets, for unemployed urban youth, and the illiterate, unskilled refugees dependent on subsistence farming in the hills. If unabated, the recent influx of refugees will certainly worsen the distribution of income. The planned household income and expenditure survey in 1990-91, in conjunction with the scheduled Population Census in 1990, will provide better information on income distribution.

About 1/3 of Belize's labor force, estimated at around 57,000 in 1987, is in agriculture. Despite recent improvements in economic performance, unemployment remains a significant problem. The unemployment rate averaged about 14% during 1980-84, and has since risen to 15%. However, these estimates are based upon extrapolations of 1984 survey data which do not capture the economy's growth that began in 1987 or the growing influx of

unregistered refugees. The sharp rise in the unemployment rate in the 1980s compared to the previous decades reflects an increase in the labor force participation rate, particularly that of women, and the economic slowdown that occurred in the early 1980s. About half of the unemployed are concentrated in Belize City, and most of the unemployed are teenagers who consider agricultural work inappropriate to their education, training and expectations. Lack of attractive employment opportunities, particularly for those with secondary and post-secondary education, has been a major factor in the significant outmigration from Belize. Most of the immigrants from Central America have settled in rural areas, where land is readily available. The Government is facing a dilemma of, on the one hand, demand for agricultural labor in the south and, on the other, political sensitivity to the legalization of refugee workers. So far there has been a stalemate between unmet jobs and willing refugee workers who cannot be legally employed. The UNHCR and UNDP are working with the Government on this issue, but no resolution is yet in sight.

4. Prospects for Long-term Growth. Current export-oriented economic growth is likely to continue through the early 1990s as the favorable economic policy environment in Belize encourages increased private investment. The focus of the A.I.D. agriculture program is diversification away from an over-reliance on sugar and into the export of other crops. The real growth of exports is projected to accelerate to an annual average rate of about 13% during 1989-91 and then taper off to around 5% during the 1992-95 period. As a result,

the economy will become considerably more export-oriented, with exports relative to GDP reaching 80% of GDP by 1995. Imports as a percent of GDP are also expected to rise, but at a somewhat slower rate, reaching 83% by 1995. The export expansion will generate growth rates of real GDP that average around 5% per year, with rates gradually declining from almost 7% in 1989 to around 4% in 1993-95. While the economy's expansion is not projected to keep pace with population increases, export growth should lead to increased government revenue and expenditure, manageable overall public sector deficit, reduced public sector domestic borrowing, increased credit availability for the private sector and limited external debt expansion through 1995.

The sustainability of GDP growth (in absolute terms, albeit negative per capita) is dependent on the large inflows of private capital and modern technology associated with the numerous foreign investments and the close proximity to Mexico and the United States. The sustainability has also benefited by the limited growth of external debt and improved capacity of the public sector to generate savings.

The economy remains vulnerable to the potential loss of trade concessions and international commodity price reductions. These are critical for sugar, citrus, bananas and garments. Belize's high cost of production adds to this vulnerability and should be seen as a major economic obstacle that slows the ongoing rate of investment and growth and increases the risk of major collapse. While a number of factors outside of the Government's control contribute to the

high costs, such as proximity to the United States, labor mobility patterns and the limited opportunities for economies of scale, there are several constraints which could and should be reduced. The lack of infrastructure, especially roads, is a major constraint to reduced costs and accelerated and continued development. Other key areas include: improvements in the ability of the GOB to generate sufficient public sector savings and investment; reduced reliance upon import taxes (which also significantly add to the cost of production); increased efficiency and lower electric power rates; and a more streamlined regulatory environment.

#### B. Agriculture Sector Deficiencies

Agriculture dominates the economy of Belize. The technology used in production ranges from subsistence slash and burn cultivation, to large mechanized farms producing sugar cane, citrus, cultivated shrimp and mangoes for export, as well as corn, rice, beans, poultry and cattle for domestic consumption. The sector employs 1/3 of the labor force and generates over 20% of GDP.

There are several key constraints in agriculture which inhibit growth and require attention if the sector is to prosper. These include land access, marketing, energy and credit.

1. Land Availability and Access. The most dominant characteristic of Belizean agriculture is the vast amount of land which is available and not being utilized. At first glance, the statistics are compelling, with approximately 300,000 acres under cultivation of an estimated 2.2 million acres considered suitable

for agriculture. The remaining 3.5 million acres of land surface are covered by primary and secondary forestry growth. The availability of land, however, must be considered in the context of overall quality, accessibility and the human and financial investments required to develop and make the land productive.

a. Land-Use Planning. There is no question that presently Belize has large tracts of land appropriate for agriculture activities which are not being used. Even more evident at this time is the lack of knowledge regarding the best use of the land in respect to its physical limitations. GOB capabilities for planning and managing the influx of refugees and tourists and their demands on land or ocean fisheries are very limited.

b. Rural Access. A major constraint to rural development in Belize is the inadequate network of all-weather roads and bridges. Rural roads are generally one lane, gravel or earth surface, not built to any standard and having limited drainage. Many roads are intersected by waterways with inadequate crossings. The roads are thus impassable during the long rainy season.

## 2. Markets.

a. The Belize Marketing Board (BMB). The BMB was established and operated by the British colonial system as a food monopoly control mechanism. Under colonial policy, the BMB discouraged the indigenous production of food, fiber and consumable goods. The policy also prohibited processing and manufacturing activities except those controlled by crown agents. The result was a production and marketing system controlled by governing



authorities, with no free market mechanism at work in Belize. USAID policy dialogue has resulted in Government agreement to restructure the BMB to operate exclusively as a price stabilization entity for basic grains. This restructuring is currently underway.

b. Private Market Institutions. Producer associations function as effective marketing agencies for the traditional cash crops of sugar, bananas and citrus. The Belize Agribusiness Company (BABCO), created with USAID assistance, is beginning to market some non-traditional crops, but there remains a serious lack of private marketing entities both for non-traditional exports and for important crops for domestic consumption such as rice, beans and corn.

3. Electrical Energy. The lack of electrical power in rural areas at reasonable cost represents a serious constraint to agricultural production. Currently, ten generating stations are operated by the Belize Electricity Board (BEB) providing power to the major population centers. Beyond these areas, there are limited transmission lines. Agricultural enterprises without access to public power have to develop their own generation capacity, which is extremely costly in capital and operating terms. This adds to production costs and reduces the competitiveness of Belizean products in international markets.

4. Agricultural Credit. The commercial banking sector in Belize predominantly provides financing to distributive trading activities. As a result, the commercial banks have had little impact in assisting the country's agriculture development. The

banks' conservative lending policies are the main factor for limited term lending. These policies include: lending to existing clients who have a well established credit history; limiting most credit to trade financing and/or discounting of receivables with terms of 90 days or less; high interest rates (13-18%); and collateral requirements of at least 150% of the loan amount.

C. Degradation of Natural Resources

Belize currently enjoys a relatively undisturbed natural environment. This in part is due to the small population base which has not exerted undue pressure on the natural resource base. Although pockets of slash and burn areas exist, their impact is not yet critical from the perspective of total available land. About 90% of Belize is covered by forest vegetation. An estimated 5-10% of the annual growth of hardwood and pine timber is currently harvested.

The marine ecosystems represent a major resource in Belize. The barrier reef is the second longest in the world and supports a wealth of species including the country's most economically important fishery (spiny lobster and queen conch). It is attracting an increasing number of tourists as its unspoiled condition becomes better publicized. As tourism increases, demands are rising for water and sewerage, by both visitors and the workers drawn to the jobs being created, and pollution is increasing. Growing numbers of visitors are putting increasing pressure on this very fragile ecosystem.

As population increases, there is greater pressure to expand into undisturbed land. Increasing agricultural production and the influx of refugees into Belize have begun a cycle of degradation that has occurred in surrounding countries. The absence of land-use policies and inadequate land-use and infrastructure planning and management capacity will soon be felt, to the severe detriment of the natural environment.

#### D. Obstacles to Private Sector Development

The small size of the domestic market requires most Belizean enterprises to be export oriented. While the policy climate for investment is generally favorable compared to neighboring countries, and Belize enjoys some comparative advantages in trade preferences, language, and proximity to the large U.S. market, Belizean entrepreneurs also face several disadvantages:

1. High Factor Costs. Poor infrastructure raises production and transport costs, as does heavy reliance on imported inputs. High import duties compound the cost problem, leading to pressures for the granting of development concessions.

2. Labor constraints. While there are pockets of structural unemployment and large numbers of illegal aliens without work documents, the available labor pool is small and there are already labor shortages in some areas. The labor supply, although generally literate, is especially short of technical and managerial skills.

3. Inadequate Credit. Small and medium sized businesses complain they lack access to adequate term financing, and some

Belizeans see themselves at a disadvantage in competition with larger, better-financed foreign investors. Commercial banks in Belize already provide some medium-term financing to borrowers with good track records and adequate collateral. This should continue if the government avoids heavy borrowing on the domestic market. Steps to lower the cash reserve requirement and eliminate the interest rate floor are intended to increase term lending.

The commercial banks are unlikely to become a major source of funding for long-term, high risk ventures, although one local bank has indicated interest in donor help to open such a window. Given the small financial sector in Belize and the relatively large number of financial institutions already present, a new institution does not appear justified at this time. Belize's development financing needs can be better met by relying on existing institutions, including the Development Finance Corporation (DFC), and regional institutions such as the Caribbean Financial Services Corporation and Latin America Agribusiness Development.

The National Development Foundation of Belize (NDF/B) has made a good start toward meeting the credit needs of micro- and small-scale enterprises, and is increasing its maximum loan size to serve additional borrowers who are not quite large enough to be attractive to commercial banks.

4. Obstacles to Tourism. The Government of Belize has identified tourism as its number two priority for development, after agriculture. Belize enjoys a comparative advantage in its resource endowment, while the small domestic market is not an obstacle.

Revenues from tourism doubled from 1983 to 1987 and are projected to accelerate. This priority has led the GOB to focus on the problems. Lacking the financial resources to alleviate the more obvious constraints on tourism, the government has had to rely almost entirely on the private sector, both domestic and foreign, to develop and expand the tourist industry.

Projected increases in the number and expectations of tourists will require substantial upgrading of support facilities. External transportation is adequate at present and the airport is being upgraded. Internal transportation, however, will need major improvements in local air service, ground transportation, road conditions, and water transport to the islands. The hotel situation is barely adequate and will remain so in the medium-term, providing all the additions and new construction planned are actually completed. There is a shortage of travel agencies and tour operators to handle the needs of current tourist arrivals, much less the likely increase in the near future. Direct and indirect employment in the tourism industry totals less than 20% of the Belizean workforce (expected to approach 30% by 1995), and the level of the training and experience is relatively low by comparison to other countries in the region.

Besides investment in facilities, skills and infrastructure to keep pace with projected growth, there is an acute need to increase the capacity of the government and industry to plan and regulate growth to obtain maximum advantage and avoid serious environmental and social degradation. GOB capacity to apply land-use and

infrastructure planning to guide growth is very limited. Existing efforts to promote Belize as a tourist destination are adequate given the country's ability to absorb the increasing numbers. However, part of the planning and management challenge will be to develop and maintain Belize's special niche in ocean sports, nature/wildlife/adventure tours, and pre-Columbian history, including protecting its natural and historic resources.

#### E. Infrastructure Shortages

Poor infrastructure is a major constraint to development in Belize, having particular impact on agriculture and tourism, as well as the pace of overall economic growth. Large tracts of land suitable to agriculture and forestry development are inaccessible because of the lack of all-weather or in some cases any roads. Roads are also the most severe constraint on the growing tourist industry. Electricity is expensive and sometimes erratic, and many rural areas lie outside the system.

Inadequate roads and bridges limit external marketing of Belize's agriculture produce and thus constrain potential benefits for the small-scale remote farmer. If Belize's most valuable asset, its land, is to contribute efficiently to growth, physical access to the land must be provided. Roads are needed to ship the inputs required to support profitable farm, forestry and mariculture businesses, and to move their produce to market at competitive costs and in efficient seasonal patterns.

The quality of the road network is the most serious constraint to tourism. Ground transportation affects every area of tourism-- from the excessive wear on vehicles and consequent high costs to the general impression made on the individual visitor. Inland attractions, especially Mayan sites, which are being promoted in the U.S. and Europe, are presently served by dirt tracks, if at all. While two major highways extending west and north of Belize City are adequate for current needs, beyond them the quality of road surface drops off rapidly, some to the point of impassibility, depending on the weather. The increasingly significant export growth area in the South is not yet served by any paved roads.

The Belize Electricity Board (BEB) has sole authority for public power generation and supply in Belize, providing electricity generated from imported diesel fuel. BEB's extremely high tariffs (20.5¢/kwh), combined with the recent drop in oil prices, long-term debt restructuring in 1985, and reduced losses from power diversion, enabled the Board to generate net surpluses of more than \$1 million a year for the past three years. This is a major turnaround from its weak performance during the early 1980s when it ran operating losses and required GOB subsidies of some \$1 million/year.

Nevertheless, electricity supply in Belize needs further help. The primary and secondary distribution networks are weak, particularly outside Belize City. The quality of service is poor, and rural areas are barely served. As most studies on the BEB have concluded, major improvements are needed in its system planning, facilities and equipment, and operating performance. The high

tariff structure covers-up the adverse impact of these deficiencies but the potential for serious financial problems remains, especially if oil prices rise. BEB's inability to reduce rates for larger commercial users have been a major drag on the economy by increasing energy costs and discouraging both domestic and foreign investment. Changes in the management system are needed to enable BEB to operate more efficiently.

Water and sewerage infrastructure are generally in the domain of other donors, but additional capacity will be necessary in the growing coastal and upcountry tourist areas and in coping with the influx of refugees.

#### F. Health Deficiencies

Despite Belize's small physical size and population, a range of services comparable to developed countries must be provided. In common with many developing countries, Belize has an epidemiological profile which reflects a mix of chronic and infectious diseases of both developed and underdeveloped countries. The infant mortality rate (IMR) in Belize has declined from a 1980 level of 30.2 deaths per 1000 live births to a 1986 rate of 24.8. However, most health professionals believe these rates are suspect because of under-reporting of both births and deaths, especially in remote, low income areas and among refugees.

The national incidence of malaria has been declining steadily since 1985. However, the Annual Positivity Rate (APR) of 15.2 per 1000 population is the highest in Central America. Malaria occurs



in Belize primarily in the adult male of working age (20-45). There is great variance in incidence within the country; the districts with the most refugees and new agricultural activity having the highest rates.

There have been no laboratory-confirmed cases of dengue fever reported to the Ministry of Health for more than five years. The prevalence of the dengue fever vector, however, remains sufficiently high that an urban epidemic could occur very quickly, should any of the four types of dengue virus be introduced.

The Government has one tertiary- and secondary-level care hospital and six district hospitals which are mainly secondary-level care. There are 28 health centers around the country run by the Government, and these provide immunizations, maternal and child health services and minor curative care. From these health centers, the nurses operate mobile health clinics in surrounding villages. Mobile clinics often represent the first point of contact with the health system for the people of the communities surrounding them. Primary health care services include promotive and preventive work being done by Community Health Workers, Rural Health Nurses, and family life education personnel. The importance of this work in reducing curative care demand has only recently been recognized. A campaign in 1987 raised national immunization levels considerably but revealed severe staff limitations.

Several private initiatives to increase the availability of curative care in Belize City and in the banana growing area have been taken in the last two years. However, the majority of

Belizeans continue to rely on the Ministry of Health (MOH) for all health services. Almost 10% of the national budget goes to health care (mainly recurrent costs of curative-care) and the revenues collected are minimal. Donors currently make a major contribution to child survival, primary health care and other public health programs. Trends in demographic structure and morbidity/mortality indicate rising costs in the health sector. Without major policy changes in revenue collection and other financial management areas the opening of the new Belize City Hospital will further exacerbate public health operating budget shortfalls.

G. Lack of Access to Basic and Professional Education

The Belizean educational system is structured to provide pre-primary schooling for children up to age five, eight years of primary education, and four years of secondary education. Post-secondary education is available in two-year sixth form (junior college) programs, in limited bachelor degree programs at the University College of Belize, in teacher-training programs at the Belize Teacher's College, and in nursing and agricultural diploma courses. The management of schools has historically been effected through a church-state relationship in which policies are set by the Ministry of Education and day-to-day management operations are carried out by churches. Approximately 24% of the national budget is devoted to education, but internal efficiency in this sector needs improvement.

Primary education in Belize is intended to serve a dual purpose: to provide the secondary schools with students who can be

trained to become a skilled labor force, and to provide primary school leavers with a sound academic, practical and motivational base for job-specific training. While the country is comparatively well-served by primary schools in rural and urban areas, enrollment data show that only 78% of children within the compulsory primary school age group (5-14) are enrolled in school where the average attrition rate is 22%. Of enrolled students, 48% are female at the primary level, and 53% at the secondary level. The enrollment percentages are declining due to the refugee influx and increasing population growth compared with strained school capacity. The proportion of trained teachers in the primary system is stable at only 41%. Roughly 50% of youngsters who complete eight years of primary schooling do not proceed to secondary school. Very few children entering primary school speak standard English as multi-lingualism prevails (Spanish, Creole, Maya and Garifuna are the languages spoken). Lack of expertise in teaching English as a second language is a fundamental deficiency in the system. The use of school-prescribed textbooks is widespread, but the high cost and limited availability of the materials result in only a small proportion of the students having a complete set of textbooks.

Although the official literacy rate is over 90%, Ministry officials estimate actual functional literacy at 70%. Unless enrollment rates and pedagogic efficiency increase, the numbers of illiterate persons in Belize will continue to increase.

Prevocational/practical programs are found in the secondary schools in business education, agricultural science, industrial

arts/education, nursing and home economics. Generally, female students are enrolled in business studies, nursing and home economics, while male students study industrial arts. The only vocational occupational preparation courses are at the post-secondary level in the business studies programs, the technician courses, the agricultural program, the nursing program and the teacher-training programs.

In general, the development of vocational and technical education programs has been ad hoc and rapid, outside of any coherent national education plan, and constrained by the lack of adequate facilities (space, equipment and maintenance). Development has also been limited by the need for competency-based programs in vocational education. Other problems relate to the lack of vocational guidance and counselling and occupational placement programs in the school system.

Management training for the private and public sector is provided primarily by sixth form programs, the Belize Institute of Management (BIM), and the newly formed University College of Belize. Cost and lack of relevance of overseas training has led to more in-country training for managers and administrators. BIM provides much of the local training for public and private sectors at a subsidized rate under the TEP project. Training in management for small and micro-enterprises is presently provided by the National Development Foundation Belize (NDFB) and by Belize Enterprise for Sustained Technology (BEST), but no training is targeted at the gap group comprised of small and medium sized business.

#### H. Population Pressures

Belize appears to enjoy an enviable population situation. With an official population estimated at 178,000 in 1988, Belize has one of the lowest population densities in the world (6 persons/sq.km). The country has untapped natural resources, relatively good quality of life indicators, and a growing economy. However, the combined effects of the highest total fertility rate in the Commonwealth Caribbean, the falling death rate, and the age structure of the population bode ill for the future. Belize's population will double by the year 2011. If the uncontrollable political and economic refugee migration trends are added to these figures, the result is even more alarming.

Belize is currently struggling to maintain the gains made in basic education, health status and per capita income. The country has very limited human resources or institutions to sustain its small population. Adding the estimated 30,000 refugees to the official population figures substantially lowers the reported coverage of education, health and other social programs (e.g. official immunization rates fall more than 10%!) The country is facing serious population pressure in terms of providing basic services for its people and maintaining the quality of life that helps to preserve the political stability. The unemployment rate is already quite high (15 percent in 1986) and will increase dramatically as the youngsters under 15 who make up 45% of the total population enter the job market.

The Government of Belize does not offer any family planning services other than referral to the Belize Family Life Association (BFLA) which is the only agency providing family planning services along with education and counselling. BFLA receives only tacit support from the government. The nascent BFLA is not expected to sustain itself within the next five years. Continued support to develop BFLA and to increase government and community support is essential if Belize's total fertility rate is to decrease. Central or regional funding to IPPF/WHO should be increased as a channel for more funds and technical assistance to the BFLA when USAID funding ends in 1991.

I. Special Concern: Women in Development

The situation of women in Belize is mixed. While women comprise just over 50% of the total population, emigration is higher for women. The percentage of young women attending school slightly exceeds young men through the secondary level, but among those attending university in 1980, the proportion of young men was more than twice that of young women. The 1980 census reported that 56% of women between the ages of 15 and 44 years were either married or in a consensual union. At least some portion of the remaining 44% were women alone who are heads of households or otherwise responsible for the support of children. The total fertility rate is quite high (5.2-6.3 live births per woman) and use of modern contraceptives is low (only 43% of married women report using any method of contraception).

Patterns of women labor force participation are changing rapidly as increasing numbers of women have joined the work force in recent years (from 20.7% in 1960 to 43% in 1983). However, the high unemployment rate (25%) among women and disguised under employment demonstrates that economic opportunities for women have not kept pace with their entry into the work force. Unemployment affects women more seriously than men, and if these women are heads of households, the economic consequences for their families are likely to be even more severe. Among the job seeking clients served by the Guidance and Placement Centre in Belize City up to 1988, 57% were women and 75% of those were classified as semi-skilled or unskilled. The Belizean economy faces a challenge in creating adequate jobs for these women.

Women in professional and skilled positions appear to have equal opportunity and to be well-represented in the civil service and the private sector. Their earnings are equivalent to men, although their wages are probably lower than men's wages overall to the extent that they are concentrated in traditionally women's fields. From the development perspective, there does not appear to be much need to make them the focus of future policies. The focus of development policy should be on the less-educated, unemployed, and poor women who comprise the majority.

There are economic opportunities for women in the agriculture sector (where women's role in subsistence agriculture already appears to be substantial), in tourism, and in light-manufacturing or export-processing industries. The overall strategy proposed by

the Mission has great potential for involving women as participants and beneficiaries of Belizean development.

Within the agriculture diversification portion of the strategy, there is a need to know more about what women currently do and to target assistance toward those activities. To this end, studies will be conducted to document what women in rural areas actually do and what involvement they foresee in the economic opportunities for themselves.

In tourism, women will be ensured equal access to all types of training programs that will become necessary as the industry develops. Women owners will be offered training in small business development. An analysis will be made with the BTIA to gear project efforts toward maintaining women's access to jobs and targeting components of the industry that create the most appropriate jobs for women.

In training, USAID/Belize intends to continue its excellent record in awarding short- and long-term scholarships to women. Both the CLASP and Development Training projects will have targets of fifty percent participation by women. Other projects in the portfolio that include training will ensure that women are well represented among the participants.



#### IV. STRATEGY

##### A. Summary

This CDSS is being prepared under a myriad of instructions, injunctions, priorities and constraints. Belizean Government and USAID budget and personnel shortages have greatly limited the data and analyses upon which decisions can be based. We seek Belize's continued political stability and sustainable, private sector-led economic growth. The Belizean Government's performance in recent years has generally been good; however, as indicated in the analysis section, Belize cannot yet be considered to have achieved a self-sustained development take-off. Even with USAID's resource constraints, the Mission believes that it can provide critical development interventions that will contribute significantly to achievement of our objectives in Belize. Accordingly, USAID will concentrate its efforts in two important areas to help Belize do what is essential to consolidate and capitalize on its economic gains.

The choice of priority sectors (limited to two by AID/W) is clear - agriculture and tourism. They are not only the top two foreign exchange earners, they are the Government's top two priorities. They are also the two areas in which both domestic and foreign private investment are largely focused. They are the two areas in which growth potential is the greatest. They are the areas which, if allowed to grow without planning and management, pose the

greatest threats to tropical forests, the barrier reef, and the greatest biodiversity left in Central America.

Working in these two sectors, the Mission (with Embassy and GOB support and approval) proposes a program focused on a single goal of sustainable economic growth, driven by private sector investment, with special emphasis on Resource Planning and Management (RPM).

The strategy is to help the Government of Belize develop the capacity to rationally plan and manage its resources to effectively guide economic growth, while continuing to address key constraints to growth -- inadequate infrastructure (roads), shortage of managerial and technical skills, and a narrow export product base -- in the two priority sectors. In so doing, the program will maximize job creation and government revenue and protect the resource base.

The program will build upon the land-use planning effort currently underway with British and UNDP financing. Land use surveys for two districts have been completed and completion of the remaining four districts is scheduled in the next two years. Other planning efforts have also been completed or are in the works, for example: a Tropical Forestry Action Plan, completed by the GOB and FAO with British, Canadian and U.S. funding; a development and zoning plan for Ambergris Caye, completed by UNDP; a Belize City development plan; a Mangrove Management Plan; and a plan for protection of the Glover's Reef Atoll. USAID will help the Government pull these planning efforts together and build the capacity to put them into action. Specifically, the program will include:

- Assistance in developing a comprehensive national physical plan, including areas for potential agriculture, tourism and forestry expansion, areas for preservation, protection and limited access, and optimum sustainable use of existing agricultural lands;
- Technical assistance and training for Belizean Government, private sector and PVO organizations required for resource planning and management including agriculture, forestry, environment and wildlife protection, tourism, general management and necessary shelter and social support services.

The current USAID Roads and Bridges Project will be reformulated to target potential areas for productive investment which need road access, in accordance with the land-use plans. Implementation will be improved by moving largely to private sector construction utilizing the Fixed Amount Reimbursement (FAR) method of disbursement. The quality and standards of the roads will be a function of projected use. While no primary trunk highways would be included, opportunities for securing commercial investments in agriculture and tourism and expansion of productive employment opportunities (especially in areas impacted by high migration and slash-and-burn agriculture) will be major determinants in road selection. In every case the preservation of tropical forests and protection of fragile lands will be a requirement. The road segment of the program will:

- address a highly visible and serious obstacle to growth;

- provide access to potential growth areas;
- allow services to the currently inaccessible rural poor;
- transfer significant blocks of resources, affording an opportunity for policy dialogue; and
- provide a natural process for ensuring environmental soundness in the selection and approval process.

While road-building activities would be confined to the mainland, other program components will include attention to the offshore islands and reef, where both tourism and fisheries are important. Technical assistance and training to overcome the shortage of managerial and technical skills in the public and private sectors is prominent throughout the program. Technical assistance and training for resource planning and management was mentioned earlier in this section. Training to enable Belizeans to take advantage of opportunities for business and employment in tourism will be a major intervention in that sector. Farmers and fishermen will also receive technical assistance and training.

Agricultural diversification project activities are directly aimed at broadening Belize's exports beyond the narrow base of traditional crops. In addition to continuing assistance in marketing non-traditional crops, agricultural diversification will expand fishery and forestry production while giving attention to conservation and sustainability of the resources. Tourism project activities will also contribute to broadening the base of foreign exchange earnings. Improved resource management and conservation will help assure the reef and cayes remain an important tourist

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destination, while Belize's inland adventure and archaeological attractions draw increasing numbers.

The RPM strategy will attack poverty problems through increased employment opportunities in the agriculture and tourism sectors and the increased access of small farmers to inputs and markets. Agricultural diversification will increase opportunities for small farmers, including the refugee slash-and-burn farmers, to grow and market non-traditional crops. The opening of productive agricultural areas through road access will expand markets, improve access for health, education and other social services, and reduce the isolation of rural communities in the rainy season. The growing tourist trade will provide increased business opportunities for small- and micro-entrepreneurs, as well as creating jobs both in the urban areas and the tourist centers. Increased training will provide skills necessary for staffing key jobs in the tourist industry with Belizeans. Improved macro-economic performance and stronger public and private sector institutions will expand economic activity, better protect Belize's natural resources, increase access to public services by the neediest groups in the country, and serve as a counterbalance to the magnet which draws the better-trained young Belizeans out of the country.

For project management purposes the program (requiring \$45 million in the CDSS period) will be organized as follows:

- Roads and Bridges: Constructing or rehabilitating roads opening or linking key economic areas for agriculture and tourism (\$19 million);

- Agricultural Diversification: Policy, planning and commercializing sustainable production of non-traditional crops, fisheries, and forestry (\$12 million);
- Tourism: Policy, planning and management of tourism growth and public and private sector training in key tourism and resource protection areas (\$5 million);
- Development Policy: Policy, planning and management in areas critical to the program, including land-use planning and regulation, infrastructure planning and investment to guide growth, design and implementation of tropical forestry and environment policies, tax reform, health care financing, organizational reform and development training (\$4 million);
- Social Infrastructure: Continued modest support for the priority areas of drug awareness, vector control and the Central American Peace Scholarship Program (\$5 million).

A necessary outcome of choosing priorities and limiting the program focus is that some areas will not be selected -- notably in primary education, health and population. A major challenge to the Mission will be to negotiate as smooth a transition and transfer of responsibilities as possible to the GOB and other donors. With USAID departure from these sectors, the Government, the Mission and AID/Washington should work with potential donors (including the Japanese and possibly in the future the IDB) to increase their education and health activities.

It is proposed, however, to continue a small input to the Ministry of Health's vector control program to counterbalance the likely increase in malaria resulting from opening new areas for agriculture and tourism. USAID plans to work with the National Malaria Control Program (NMCP) to help reduce the incidence of malaria in areas with a high refugee influx which are often areas conducive to vector breeding.

Resource constraints prevent the Mission from including a major component of direct assistance to refugees in its program strategy. Significant assistance is provided by the UNHCR and UNDP, including emergency help for new arrivals and assistance in resettlement, education and health care. USAID believes that the RPM strategy will make an important contribution to improving the conditions of refugees by creating employment opportunities, providing technical assistance, training and vector control. More broadly, however, it is only in a vibrant, growing economy, which benefits Belizeans generally and protects their natural and cultural heritage, that the refugees can hope to become welcome participants.

#### B. Agriculture Sector Strategy

The utilization of a national land-use plan provides the focus for the strategy elements in the agriculture sector. The most effective use of resources will be achieved by targeting those areas best suited for development based on information on the physical and human environment. While various details must be worked out within the GOB regarding responsibilities for land-use plan implementation,

the GOB is committed to using a land-use plan for making decisions and identifying priorities. Land resource surveys for two (Toledo and Stann Creek) of the six districts of Belize have been completed with British (ODA) assistance. Completion of the remaining four districts is scheduled in the next two years.

Additionally, within these existing and ongoing physical and human resource data collection efforts, a Tropical Forestry Action Plan (TFAP) has been completed under the sponsorship of the GOB and FAO with financial assistance from the British, Canadian, and American Governments. The Plan calls for an inter-ministerial committee comprised of technical and administrative personnel from the Ministries of Agriculture, Natural Resources and Economic Development to coordinate the implementation of the TFAP and to act as the linkage for the plans being developed by ODA. The GOB at this time views the TFAP committee as the primary mechanism to analyze land-use information and make recommendations to the Cabinet for development of the required legislation to implement land-use plans. The Government, while interested in pursuing the rational development of its forest resources, is also concerned that deforestation taking place elsewhere has begun in Belize. In order to avoid degradation of its forest lands, the Government places a high priority on implementation of the Tropical Forestry Action Plan.

Within the matrix of current and planned collection of land-use information, USAID's strategy for the agriculture sector fits into a logical and rational framework that will assist in selecting the



highest developmental opportunities matched to the highest and best use of the physical and human resources.

1. Current Activities. The current agriculture portfolio supports the GOB's policy of diversification. USAID's projects focus on road rehabilitation and bridge construction, crop diversification, livestock development and export substitution. Small activities related to the marine environment have also been implemented.

As we enter the latter portion of the planning period ending in 1992, the completion of the Belize Livestock Development Project (BLDP) Phase II is viewed as the end of any direct intervention in the livestock sector. Activities completed under the BLDP II are designed to leave the Ministry of Agriculture (MOA) and the Belize Livestock Producers Association (BLPA) prepared to continue expansion of the industry without further direct A.I.D. intervention.

Other projects now being implemented in the agriculture sector include: Rural Access Roads and Bridges (RR&B), Commercialization of Alternative Crops (CAC), the Toledo Agriculture Marketing Project (TAMP), and Belize Enterprise for Sustained Technology (BEST) (a PVO farmer support activity). These have provided a sound foundation for diversification efforts.

## 2. Proposed Interventions

a. TAMP private sector cocoa activities in the Toledo District would phase into the CAC Project. Under TAMP's public sector component, the price stabilization program which began under

the ESF project will be completed by 1992. No further project activities for price stabilization are envisioned.

b. The diversification effort under the CAC project would be continued and expanded (building on BABCO) to develop a private, producer owned and operated organization to identify, promote and market export crops. This organization would become the major organizer of farmers, to establish quality of commodities based on grades and standards, pack, arrange shipping, develop contracts, and establish planting and harvesting schedules. It would act as the broker and the overall coordinator of production, post-harvest handling and marketing. This model has been successful with the sugar cane, banana and citrus producers in Belize.

c. Support will continue for PVO activities assisting other farmer organizations and cooperatives to improve their financial viability with technical assistance in management, accounting, agronomic practices and improved business practices.

d. Agricultural diversification activities would include the design and implementation of an automated land title system to replace the current manual system. Improved land titling and records will facilitate a quick and accurate way of identifying land available for development. (The Government is a major owner of land in Belize.)

e. Project interventions in fisheries will address major constraints to production and export. Overexploitation of certain species (spiny lobster and conch) exacerbated by the lack of coherent Government policies threatens their economic (and possibly

biological) viability. To initiate change, project activities are proposed that would assist the GOB in improving its fishery conservation policies and help create a separate fishery conservation compliance unit within the Ministry of Agriculture. Commodity support, staff training, research and development activities and technology transfer in offshore fishery will be major activities. Implementation of the fishery activities would include the active participation of the fishery cooperatives. These activities will assist small fishermen with improved technology that is environmentally compatible, strengthen the Government's delivery of technical assistance to cooperatives and mariculture activities, refine and expand a program that provides small fishermen with the skills to husband resources on a renewable basis, and promote joint ventures that stress prudent resource management.

f. Forestry activities will support the GOB in designing a rational use of forest resources. Presently, Belize has 44% of its primary forest standing. When secondary forest is considered, approximately 90% of the country is under some type of forest cover. Permanent forest reserves comprise 34% of the national territory. Belize, despite its vast forest resources, only exports about \$1 million of wood or wood products annually, far short of the sustainable yield. This is not due to the lack of export quality wood or wood products, nor a conscious effort on the GOB's part to restrict exports. Rather, it is a lack of an overall program to enhance production and export of wood products. Project activities will assist the GOB to implement the Tropical Forestry Action Plan,

including forestry management and reforestation policies, licensing regulations and wood export market development.

### C. Tourism Sector Strategy

As in agriculture, planning provides the focus for the strategy in tourism. The GOB has just drafted a five-year tourism sector development plan which outlines policies, strategies and objectives in dealing with tourism growth at two levels. Even at the lower, or "subdued" level, substantial growth is expected, and a number of actions are needed to minimize environmental costs and to make sure that Belizeans reap significant benefits. The higher, or "target" scenario would accelerate growth to take greater advantage of the country's tourism potential.

Either scenario requires substantial private investment in tourist facilities, especially hotels and transportation. Public sector investment will also be needed, not only in roads and airport upgrading, but also in building capacity to regulate the sector adequately. While recognizing the need for and encouraging foreign investment, Belize also rightfully wishes to remain in control to prevent damage to the country's environment and to maximize the benefits to Belizeans.

The GOB's tourism strategy envisages further planning to identify which islands and other potential sites should be developed and which should be reserved and protected, as well as specific zoning, building codes and other regulatory planning activities. The strategy also includes developing a national environmental

strategy, including a national parks plan to complement the Tropical Forest Action Plan.

Within this framework of comprehensive tourism and environmental planning, A.I.D.'s strategy for the tourism sector follows naturally from earlier program activity and U.S. comparative advantages.

1. Current Activities. The current private sector/tourism portfolio puts heavy emphasis on building institutional capacity in the private sector to promote marketing and investment in export industries and tourism, through support to the Belize Export and Investment Promotion Unit (BEIPU) of the Belize Chamber of Commerce and Industry (BCCI). Under the same program, International Executive Service Corps (IESC) volunteers conduct workshops and provide direct counselling to hotels, tour operators and other enterprises. A smaller public sector component also puts emphasis on strengthening capacity to promote and manage tourism, and recently initiated assistance to develop Caracol and other sites of potential importance for archaeological tourism.

Managerial and skills training are provided to both private and public sectors in the Training for Employment and Productivity Project (TEP). Under TEP, the Belize Institute of Management (BIM) has developed its capabilities to deliver management training to the public and private sectors. It has begun specific training in tourism-related skills for the Belize Tourist Industry Association (BTIA) and is ready to expand its program to respond to private sector needs for small business development training. Finally, a

modest investment in the National Development Foundation of Belize (NDF/B) provides a source of credit to small businesses which do not have access to commercial and development finance facilities.

2. Proposed Interventions. Design of the full range of interventions in tourism will be done over the FY 1990-92 period, based on specific studies and further discussions with Government and the private sector. Roads will be targeted to areas of potential in both tourism and agriculture. Other specific interventions in the tourism sector will focus on developing human resources, including skills and management training and improvement of organizational systems.

a. Support for BEIPU and BCCI is programmed through 1993. Attention will also be given to strengthening BTIA and to increasing the integration of efforts by the three affiliated organizations. By the end of this interim planning period, these organizations are expected to be largely self-sufficient and able to contribute significantly to the private sector's investment and marketing efforts. They will also be better able to participate in policy analysis and debate.

b. Support for the NDF/B to help it become financially self-supporting will continue through 1992. By then, NDF/B's loan portfolio should generate sufficient revenues to fully cover the costs of financial operations. Technical assistance activities will continue to depend on some support from local contributions and other donors.

c. Management and technical training in tourism-related support industries will continue through the TEP project; BIM will provide small business development training for entrepreneurs to take advantage of opportunities in tourism and BTIA will be involved in tourism skills training, e.g., tour guides, desk clerks, waitresses.

d. Training and technical assistance will strengthen the Ministry of Commerce, Industry and Tourism, the Department of Archaeology, and other government agencies involved in the integrated natural resource planning effort and in managing and regulating the growth of the tourist industry. Besides regulating growth to conform to land-use and environment/resource conservation plans, assistance will support steps to encourage and complement private sector investment in the targeted areas. Future promotional efforts are expected to be financed largely by the private sector, but some assistance may be provided in archaeologically-oriented tourism related to the regional "Ruta Maya" program.

#### D. Goal and Objectives

The proposed program is focused on a single goal -- sustainable economic growth -- the most important of the LAC Bureau goals for Belize now. The country has done well in stabilizing its economy, already enjoys relatively strong democratic institutions, and affords its citizens broad access to resources. Continued attention will have to be given to insuring that benefits of growth are shared, and, in particular, that the large number of refugees do not

become a permanently dispossessed and disaffected underclass. While our narrowly focused program does not include wider sharing of benefits as a primary goal, the program will take equity considerations into account in identifying productive centers for development and in providing training opportunities.

The program addresses six of the 12 objectives outlined in the LAC Bureau Guidance for FY 1990-1991 Action Plans. These objectives and country trend indicator targets are as follows:

1. (LAC No. 1) Increase Agricultural Production: The roads and agricultural diversification project activities will contribute to the objective of increasing agricultural production. Special attention will be given to non-traditional crops for export and import substitution, and to forestry and fisheries.

CDT Targets:

1991-1995

- |   |                   |
|---|-------------------|
| a. Value Added in Agriculture:            | increase 7%/yr..  |
| b. Value Added for Non-traditional Crops: | increase 10%/yr.. |

2. (LAC No. 2) Strengthen the Private Sector: Growth in both agriculture and tourism depends heavily on private sector investment and entrepreneurship. Interventions in the policy, planning and management area will be aimed at continuing encouragement of private sector activity, while guiding it in sound directions. Direct support will also be given to the private sector, for example, for private (producer owned) marketing of alternate crops, management and skills training, and participation of the private sector in



management and regulation of resource use.

CDT Targets:

1991-1995

- a. Private Investment as a Percent of GDP\*: minimum 16%
- b. Domestic Credit to the Private Sector: increase 7%/yr..
- 3. (LAC No. 5) Promote Exports: Belize will continue to

depend heavily on outside markets for economic growth in both priority sectors--agriculture and tourism.

CDT Targets:

1991-1995

- a. Value of Total Commodity Exports: increase 8%/yr..
- b. Value of Non-traditional Exports:\* increase 17%/yr..
- c. Foreign Exchange Earnings from Tourism: increase 10%/yr..

These first three objectives relate primarily to our strategic interest in broadening the export production base as a stimulus to sustainable economic growth.

4. (LAC No. 6) Manage and Preserve Natural Resources:

Management and preservation of natural resources is the central focus of the strategy, crucial to sustainability of growth in both agriculture and tourism. Quantifiable targets are difficult to specify, but success will be indicated if an integrated national physical plan is being implemented by the end of the period.

This objective directly relates to our strategic focus on helping the GOB develop capacity to rationally plan and manage its resources.

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\* LAC required CDT indicator.

5. (LAC No. 7) Expand Infrastructure: Lack of infrastructure is a key constraint addressed by the strategy. Roads are a prominent component of the proposed RPM program and are linked to the first four objectives. The number of kilometers, and even the number of road segments, will depend on the type and locations yet to be determined, and may be as few as three to as many as ten roads over the CDSS period.

6. (LAC No. 11) Improve Educational Opportunities: This objective relates directly to the elements of the strategy which address the shortage of managerial and technical skills. Like roads, most of the training and technical assistance in the proposed program is also aimed at achieving other objectives and will be focused on increasing capacity for resource planning and management, agricultural production and income and employment opportunities in tourism.

## V. Resources

### A. Other Donor Activity

The Government's Public Sector Investment Program (PSIP), appropriately focused on agriculture, health and transportation, is generally supported by the donor institutions. About \$120 million or 85% of the \$140 million financing requirements of the current PSIP, covering the period FY 87/88 to 90/91, will come from external sources. Of this amount, the sources for \$7.4 million are yet to be identified. (See Table I-1 for a list of projects and donors.)

USAID is the leading donor to the GOB's PSIP, contributing about \$39 million (28% of total) over the four-year period. Other major donors' contributions are as follows (in \$ millions):

<u>Donor</u>	<u>Resources</u>	<u>Major Sector</u>
World Bank	13.44	agricultural credit, power, and highways
CDB	14.55	airport runway, power, multi-purpose credit, and industrial estate
European Community	14.60	hospital, highways, bridges, and multi-purpose credit
United Kingdom	7.63	airport terminal, highways, power, and forestry
Canada	4.30	water and sewerage
CDB/Basic Needs Trust		
Fund (regional)	3.73	health, education and community centers

IFAD	2.71	small farmers
UN agencies	2.08	agriculture, health, education and other social services

Other countries which have provided assistance in the past or are currently providing modest assistance to Belize include China, Mexico, Venezuela, South Korea and Israel. Japan is expected to become a major new source of external assistance in the near future, especially in infrastructure. The IDB is a potential major donor in the health sector in the future. Other U.S. Government programs in Belize include the Peace Corps, the Department of Agriculture, and State Department narcotics control.

Donor coordination in Belize is gradually improving. UNDP and USAID, through the ESF Program Grant, have been assisting the Ministry of Economic Development in upgrading its capability in coordinating external assistance. A data bank on projects has recently been set up, to be followed by a system to track the amount of assistance funds provided by donors. It is presently difficult to get reliable figures on the amount of donor assistance Belize has actually received in the past. USAID maintains regular informal consultations with the donor agencies which have representatives in Belize, such as the U.K., EEC and UNHCR, and meets with other donor representatives when they visit.

USAID has been instrumental in fostering donor cooperation in the health sector. A water and sanitation coordination committee was established in 1985 which has successfully developed national

guidelines and standardized technologies adhered to by the Government and all donors involved in the rural water sector. Similarly, USAID urged the Ministry to create a child survival task force to improve communications among the PVOs involved and to avoid duplication of effort. The task force is now the most effective mechanism for dialogue in the health sector.

The Ministry of Economic Development sponsored a foreign donors conference in Belize in May 1988 to bring together all the major donors to discuss their country program and development assistance plans and to enable the GOB to present the PSIP. The GOB plans regular conferences in the future, as a useful forum to discuss policy issues and the PSIP prior to the annual consultative meeting of the Caribbean Group for Cooperation in Economic Development which is chaired by the World Bank.

#### B. Required A.I.D. Resources

1. The proposed Resource Planning and Management Program will require \$9 million per year in Development Assistance funds. This amount takes into consideration the current and projected budgets available to the Government of Belize, other donor plans, and private sector resources. It is based on a scenario of relatively stable economic conditions in Belize: no major down-turns in the all-important terms of trade for Belize's exports (currently representing 59% of GDP) or its imports (constituting 67% of GDP); and no dramatic increase in population pressures, which already include a 2.6% population growth rate, plus an estimated 10,000

refugee arrivals per year. This level of U.S. resources also assumes a steady but not explosive growth in the flow of tourists and the pace of tourist facility private investment.

Under these assumptions, Belize should be able to: maintain economic growth in absolute terms, although not keeping pace with population; establish effective policies, plans and procedures to manage its economy; and make key minimum investments.

The level of resources proposed reflects AID/W budget restrictions, as well as the development requirements of Belize. The surge of refugees and tourists with their needs and their effects on the economy and environment cannot be addressed with significantly lower resource levels. At significantly lower levels, the most prudent use of U.S. resources would be to initiate no new activities and bring to an efficient and amicable close the projects which are now underway.

2. If pressures on the overall U.S. budget lead to a determination that aid for Belize must be phased out by FY 1992, the task will be to transfer the most critical project activities to other donors, to the extent possible. The remaining very limited resources in FY 1990 and FY 1991 would complete the unfunded portions of ongoing projects and fund evaluations and special issue consulting required for phase-over or phase-out of AID projects.

An FY 1992 phase-out cannot be justified by the current condition of economic development in Belize, which remains highly vulnerable to external forces beyond its control and almost completely dependent (85% of the four-year PSIP) on external assistance for its development program.

3. A third scenario is also quite possible, namely one of serious decline in the Belizean economy, in which any one of a number of marginal conditions deteriorates substantially. As discussed above, the constraints to development in Belize are serious, its resources scarce and its vulnerability high. Real poverty rates, while difficult to quantify until completion of the next census in 1990-1991, are already significant and could easily get worse in the event, for instance, of another sharp increase in world oil prices, or an unexpected change in trade concessions. It is quite conceivable that ESF assistance would be required sometime in the FY 1991-95 CDSS period to help Belize deal with another financial crisis. The 1992 phase-out scenario, if selected, would leave Belize even more vulnerable to another financial crisis.

The FY 1986 CDSS said "an extended period of U.S. economic assistance for Belize is not envisaged". This CDSS must heed its predecessor's other words of caution, "these barriers to growth should not be underestimated, for they are indeed formidable." If the USAID program pulls out of Belize by FY 1992, it will most likely be back soon afterwards at a higher cost and facing more intractable problems.

#### C. Management and Staffing Requirements

1. The current USAID level of seven USDH employees is as streamlined as possible: an AID Representative; a Project Development Officer who also serves as the Mission's program officer and private sector officer; a General Development Officer who

oversees health, education, child survival, and training projects; two Agricultural Development Officers who manage the USAID's largest portfolio; a Controller; and an Executive Officer.

2. If the decision is made to phase-out new obligations by FY 1992, the Mission would concentrate all new money over FY 1990 and 1991 in ongoing projects, while negotiating with other donors for continuation of high priority activities. There would be an accelerated effort to evaluate projects reaching their completion dates, to conduct final project audits, and to wrap up documents necessary for transfer of certain project assets to the GOB. USDH staffing would continue to require the current minimum of seven officers through this intensive wrap-up period. Some projects will require disbursements beyond FY 1992 and will require continued USAID management. Four to five USDH employees would probably be needed through 1994 to assure proper management of AID financial responsibilities and to complete the close-out process.

3. The re-orientation of the AID's program to a Resource Planning and Management mode of assistance and concentration in agriculture and tourism being proposed in this CDSS might allow a modest reduction of USDH staff. This would depend on success in locating officers with the right mix of skills to handle multiple functional responsibilities normally covered by separate officers in larger Missions. With approval of the proposed five-year RPM strategy, the Mission could begin this realignment of USDH positions as tours of duty end in FY 1989 and 1990. At most, a savings of one USDH position and approximately 12% of the Operating Expense Budget might be achievable in the CDSS period.



ANNEX 1

ECONOMIC TABLES

## EDUCATION

### Ongoing

Reap and Grow Pilot Phase	1,675	500	CARE	152
Pre-School Education	55	55	UNICEF	-
Peace Corps Volunteer Program	1,000	800	PEACE CORPS	-
School Health Education	500	101	UNICEF	-
University College of Belize	1,700	0	LOCAL REV.	1,700
Vocational Training Centre	595	50	CDB/BNTF	-
Other BNTF Educational Projects	1,111	887	CDB/BNTF	-
Curriculum & Institutional Dev.	100	60	CIDA	-
Science Teaching Program	120	80	UK	-
Central American Scholarships	8,750	6,397	USAID	350
UNHCR Program	115	115	UNHCR	-
School Monitoring Systems	50	50	USAID	-
Poster/Textbook Writing Project	225	225	UK	-

### New

Equip. for Tech. High School	150	150	UNKNOWN	-
Educ. Video & T.V. Centre	3,000	1,500	UNKNOWN	150
Dev. of Archaeological Sites	2,500	2,500	UNKNOWN	-
Museum Development	800	800	UNKNOWN	-
Education Planning	300	300	IBRD	-
Other Education	2,000	2,000	CDB/BNTF	-

## ENERGY

### Ongoing

Belize Power Project	28,500	17,700	IBRD/CDB/CDC*	5,800
Petroleum Development	807	564	UNDP	-

### New

Energy Planning	600	600	UNKNOWN	-
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## HEALTH

### Ongoing

Integrated Rural/Urban Dev.	896	896	UNICEF	-
Drug Awareness Program	1,500	1,500	USAID	-
Belize City Hospital	22,695	20,000	EDF	2,695
Child Survival Program	2,308	1,945	USAID/CARE	363
Increased Productivity/Health	21,750	10,696	USAID	5,095
Village Water and Sanitation	2,176	1,618	USAID/CARE	257
Water and Sewerage Connections	700	700	USAID	-
Water and Sanitation	1,200	900	UNICEF	300
Water and Sewerage Project	15,360	8,340	CIDA	1,640
Health Management Planning	530	291	UNDP/PAHO	239
Belize City Drainage	498	498	CDB/BNTF	-
Other BNTF - Health	1,606	809	CDB/BNTF	-
Child Survival Support	4,520	2,450	USAID	-

### New

New BNTF - Health	2,000	2,000	CDB/BNTF	-
Expanded Immunization Program	3,287	1,600	UNKNOWN	896
Water and Sewerage - San Pedro	2,500	1,000	UNKNOWN	-
Other Health	2,000	1,100	CDB/BNTF	-

\* distribution of total project cost and estimated FY 87/88-FY 90/91 financing are as follows: IBRD-15,000 & 10,974; CDB-6,400 & 4,600; and CDC-3,000 & 2,124.

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Table I-1  
Belize: Public Sector Investment Program  
FY 1987/88 - 1990/91  
(in Bze \$000)

PROJECTS	Total Project Cost	FY 87/88-90/91 External Financing Amount	Source	FY 87/88-90/91 Local Financing Amount
<u>AGRICULTURE</u>				
<u>Ongoing</u>				
Livestock Development (I & II)	20,500	8,080	USAID	2,400
CARICOM Farms and Cardi (I)	6,600	220	EDF	-
New Forestry Workshop	925	130	UK	-
Forage Research	101	101	IBPGR (UK)	-
Toledo Agricultural Marketing	5,534	4,508	USAID	82
Junior School of Agriculture	41	41	USAID	-
Commercialization of Crops	14,900	12,320	USAID	1,300
Hol Chan Marine Reserve Improv.	421	385	USAID/WWR	-
Toledo Small Farmers Dev.	7,500	5,425	IFAD	1,108
Agriculture Credit Program	24,600	9,900	IBRD	1,100
Forestry Management	4,500	2,600	UK	-
<u>New</u>				
Agriculture R & D	600	460	EDF	-
Mapping of Agr. Land/Forestry	228	178	UNDP	50
Africanised Bees Man. & Contr.	695	202	CIDA/UNKN	376
Books for Agri. Library	90	90	FAO	-
Composite Flour Development	60	60	FAO	-
Central Farm Complex (Equip.)	250	250	FAO	-
Grouper Cage Culture	293	293	USAID	-
Conch Management	40	40	USAID	-
Deep Sea Fishing	54	54	FAO	-
<u>COMMUNICATIONS</u>				
<u>Ongoing</u>				
Development of Telecomm. Services	60	60	UNDP	-
<u>New</u>				
New Transmitter	130	130	UNKNOWN	-
Transmitting Station	165	125	UNKNOWN	-
<u>COMMUNITY DEVELOPMENT</u>				
<u>Ongoing</u>				
Community Centres - Barranco	119	119	CDB/BNTF*	-
<u>New</u>				
Community Development Facilities	322	322	EDF	-

\* BNTF-Basic Needs Trust Fund (regional AID Program)

## MINING

New Gold Prospecting	224	224	UNDP	-
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## HOUSING

Ongoing Home Improvement Program	4,000	3,300	USAID	-
New Sites/Services & Other Hous. Dev.	8,000	1,750	UNKNOWN	-

## MULTISECTORAL

Ongoing Training for Employment	10,189	7,756	USAID	1,084
Industrial Estate (4th Loan)	6,500	6,500	CDB	-
Second Consolidated Line Credit	6,000	6,000	CDB	-
Line of Credit	8,400	8,400	EIB	-
Export and Investment Promotion	5,340	4,463	USAID	341

## TRANSPORTATION

Ongoing Rural Access Roads/Bridges (I&II)	16,580	11,899	USAID	4,465
Western Highway (0-15 mls. + 1)	12,000	1,000	UK	250
Upgrading: Belize Airport Run.	14,000	12,000	CDB	2,000
Belize Airport Terminal Building	7,500	6,000	UK	1,500
Hummingbird Highway (Bridges)	21,100	4,300	EDF	300
Hummingbird Highway (Road-12kms)	15,000	7,700	EDF	-
Road Maintenance Program (I)	14,240	300	IBRD	-
Road Maintenance Program (II)	15,400	5,400	IBRD	1,635
New Training: Equip. Maintenance	269	269	UNDP	-
Southern Highway Bridges	4,000	1,500	UK	-
Reconstruction: Stann Creek Road	12,000	1,500	UK	-
Belize City Swing Bridge	2,100	2,100	CHINA	200
Bridge Repl: Barton Romie/Warrie	1,000	200	UNKNOWN	-
Upgrading: Municipal Airstrip	2,000	400	UNKNOWN	-
Rehab. - Burrel Boom Road	7,000	500	UNKNOWN	-
Macal River Bridge	12,000	1,500	UNKNOWN	-
Northern Highway/Or. Walk Bypass	2,000	400	UNKNOWN	-
Airstrip Relocation - San Pedro	450	450	UNKNOWN	-

## PUBLIC SAFETY

New Mobile Fire Tenders	1,000	1,000	UNKNOWN	-
New Fire Station	1,000	200	UNKNOWN	-
Training Complex/Firearm	141	50	UNKNOWN	-

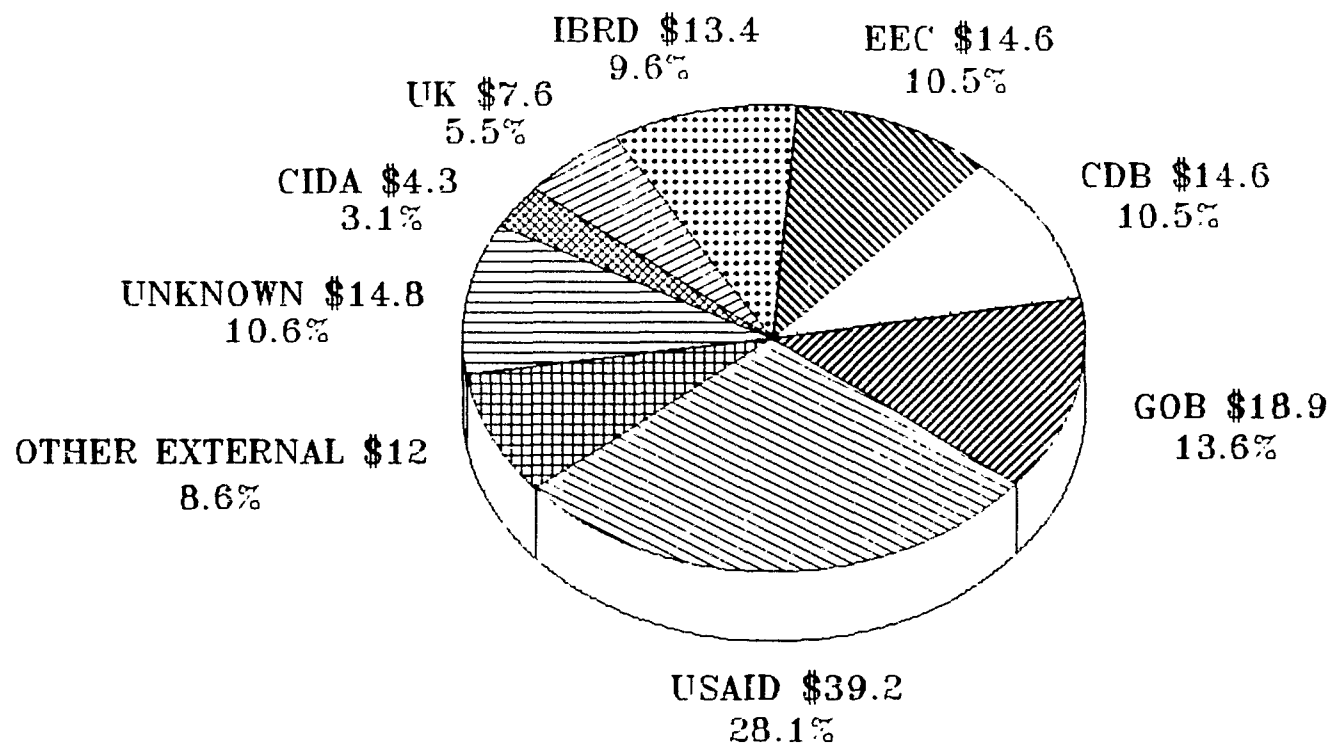
TOTAL	448,340	240,986		37,828
	=====	=====		=====

Source of basic information: Ministry of Economic Development  
World Bank Economic Report on Belize, April 1988

# BELIZE

## Public Sector Investment Program

FY 88 - 91 (\$000.000)

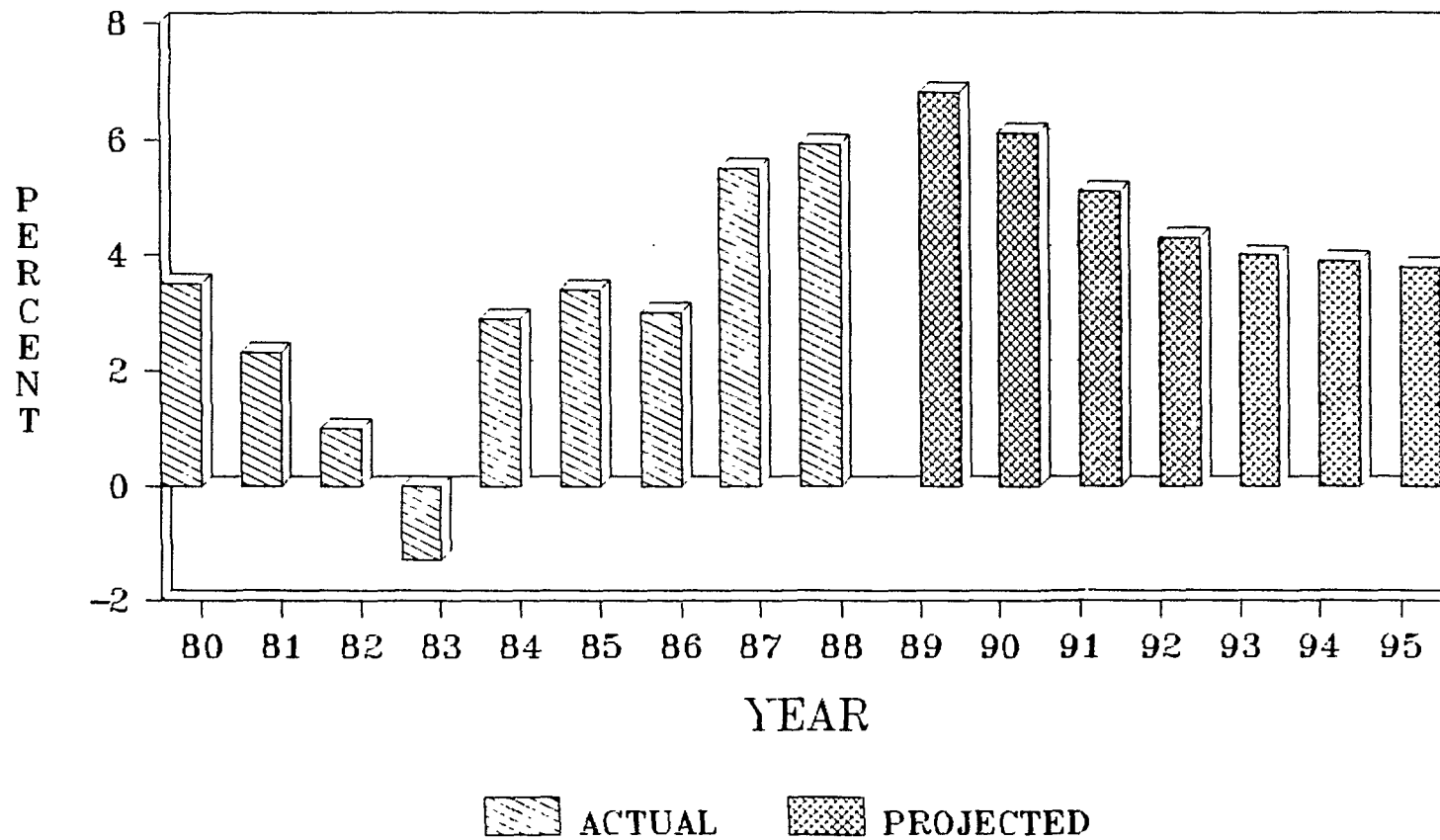


Source: Ministry of Economic Dev.,  
 World Bank Economic Report on Belize,  
 USAID/Belize

**TABLE 2**  
**BELIZE: SELECTED ECONOMIC INDICATORS**

	1980	1981	1982	1983	1984	1985	1986	1987	Proj 1988	Proj 1989	Proj 1990	Proj 1991	Proj 1992	Proj 1993	Proj 1994	Proj 1995
<b>POPULATION</b>																
Official (000)	145.0	148.7	152.6	156.5	160.6	164.8	169.0	173.4	177.9	182.5	187.2	192.0	197.0	202.1	207.4	212.7
Growth Rate (% per year)		2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Unofficial (000)	145.0	149.5	154.5	160.0	167.0	175.0	183.8	193.0	202.9	218.2	233.8	249.9	266.3	283.2	300.6	318.4
Growth Rate (% per year)		3.1	3.3	3.6	4.4	4.8	5.0	5.0	5.1	7.5	7.2	6.9	6.6	6.3	6.1	5.9
<b>NATIONAL ACCOUNTS</b>																
GDP (curr. prices, mill. \$Bz)	353.2	354.3	346.4	357.9	388.0	394.9	414.8	453.4	497.0	543.1	591.4	637.6	683.1	730.7	780.7	833.2
Real GDP (1984 prices, mill. \$Bz)	369.7	378.2	382.2	377.0	388.0	401.3	413.5	436.2	462.1	493.4	523.5	550.1	573.8	596.9	620.5	643.9
Real GDP growth rate (%)	3.5	2.3	1.0	-1.3	2.9	3.4	3.0	5.5	5.9	6.8	6.1	5.1	4.3	4.0	3.9	3.8
Real GDP per capita (Off. Pop.; \$US 88)	1371	1368	1347	1295	1299	1310	1316	1353	1397	1454	1504	1540	1566	1588	1609	1628
Growth Rate (% per year)		-0.3	-1.5	-3.8	0.3	0.8	0.5	2.8	3.3	4.1	3.4	2.4	1.7	1.4	1.3	1.2
Real GDP per capita (Unoff. Pop; \$US)	1371	1361	1330	1267	1250	1233	1210	1216	1225	1216	1204	1184	1159	1133	1110	1088
Growth Rate (% per year)		-0.8	-2.2	-4.7	-1.4	-1.3	-1.9	0.5	0.8	-0.7	-1.0	-1.7	-2.1	-2.2	-2.0	-2.0
Gross Domestic Investment/GDP (%)		24.48	16.33	14.75	21.31	19.81	19.69	20.95	22.42	24.75	24.29	23.47	22.74	22.46	22.60	22.75
Public		8.94	7.69	7.09	6.88	7.13	6.68	6.64	6.69	6.66	6.65	6.71	6.81	6.94	7.08	7.23
Private		15.55	8.64	7.66	14.43	12.68	13.00	14.30	15.73	18.09	17.64	16.76	15.92	15.52	15.52	15.52
Gross National Savings/GDP (%)			8.71	7.09	10.23	10.88	16.86	15.23	17.91	19.92	21.25	21.11	21.01	21.19	21.11	21.20
Public			0.52	-0.52	1.89	2.56	4.04	4.92	5.24	5.22	5.10	5.02	5.00	4.93	4.89	4.82
Private			8.19	7.61	8.35	8.32	12.82	10.31	12.68	14.70	16.15	16.09	16.01	16.26	16.22	16.38
Foreign Savings/GDP (%)			7.62	7.66	11.08	8.93	2.83	5.72	4.51	4.84	3.04	2.36	1.73	1.27	1.50	1.55
GDP (factor cost, mill. \$Bz)	306.9	307.9	301.1	311.0	337.2	343.2	360.5	394.0	431.9	472.0	513.9	554.1	593.6	635.0	678.5	724.1
GDP (factor cost; 1984 mill. \$Bz)	321.31	328.70	332.11	327.67	337.21	348.71	359.33	379.09	401.59	428.76	454.96	478.03	498.65	518.76	539.23	559.60
<b>PRICES</b>																
GDP Deflator (1984=100)	95.5	93.7	90.7	94.9	100.0	98.4	100.3	103.94	107.56	110.09	112.96	115.91	119.05	122.40	125.82	129.40
growth rate (% per year)		-1.9	-3.2	4.7	5.4	-1.6	1.9	3.6	3.5	2.4	2.6	2.6	2.7	2.8	2.8	2.8
CPI, End of Period (Feb 1980=100)	114.80	128.50	133.50	137.00	145.00	144.10	147.60	150.60	153.66	157.12	163.90	168.75	173.17	178.37	184.41	191.83
growth rate (% per year)		11.9	3.9	2.6	5.8	-0.6	2.4	2.0	2.25	4.32	2.96	2.62	3.00	3.39	4.03	4.00

# BELIZE GDP GROWTH

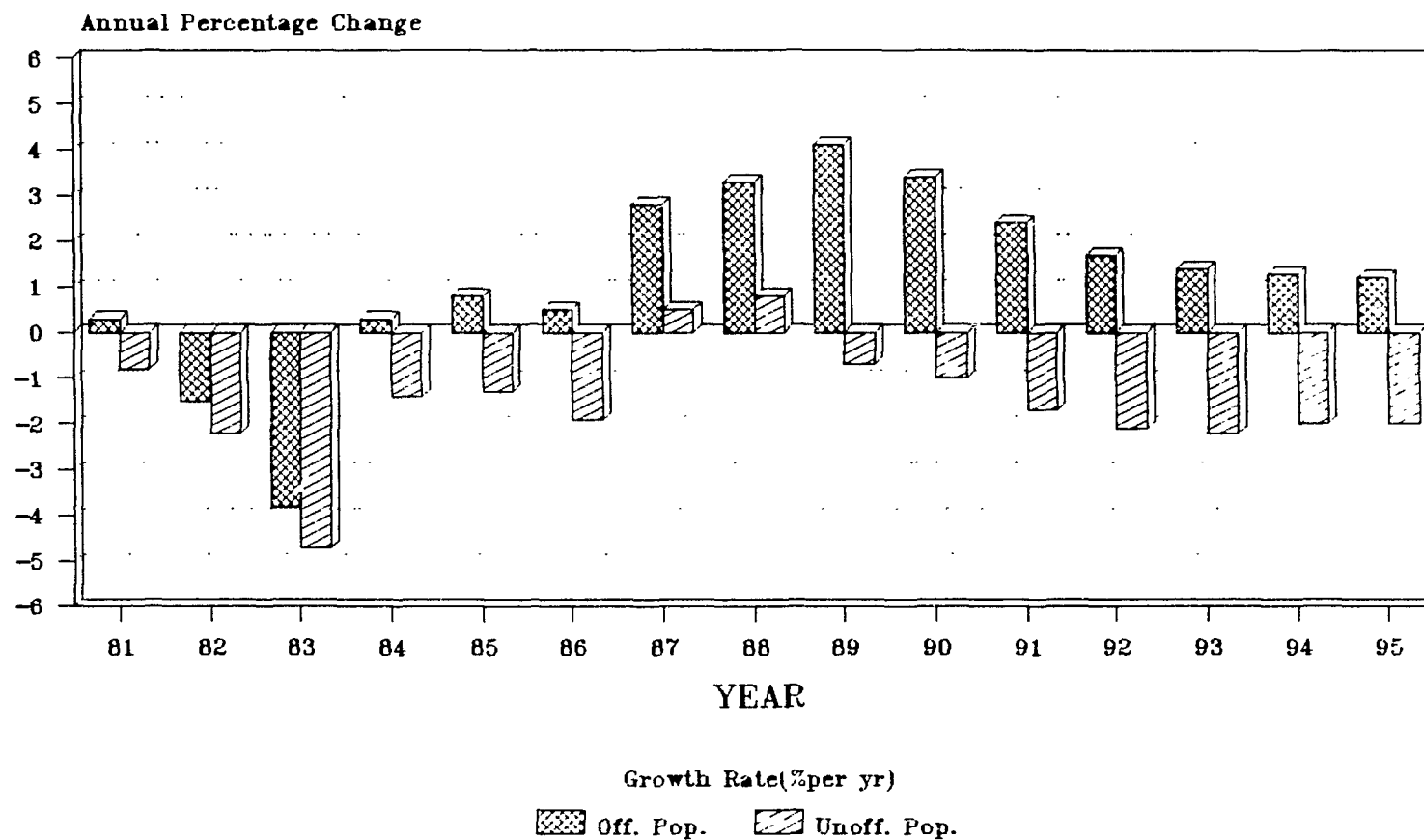


SOURCE: USAID Macro Economic Assessment

# BELIZE

## Ups and Downs of Growth Process

### Annual Real GDP Per Capita



SOURCE: USAID Macro Economic Assessment



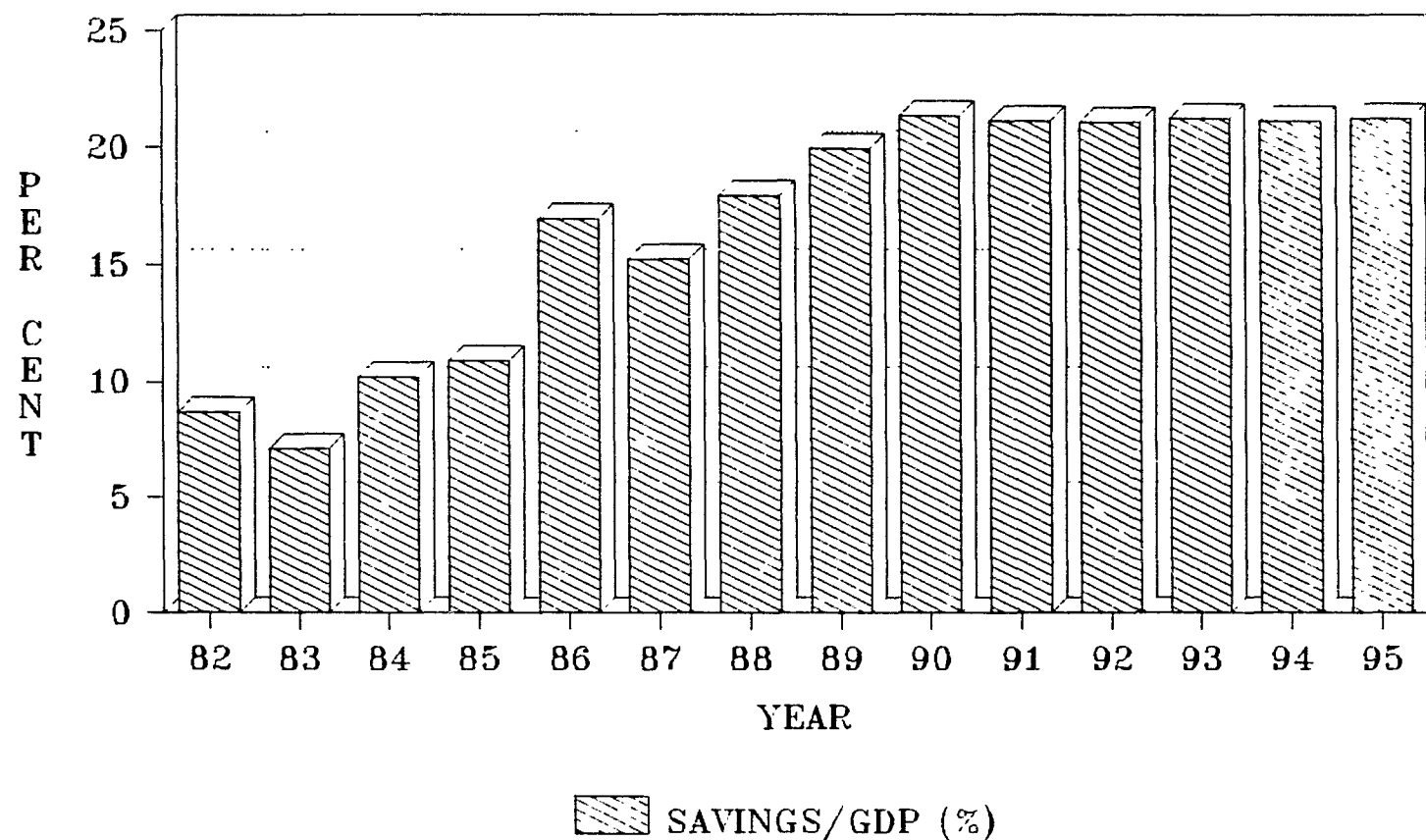
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TABLE 3 A  
BELIZE: NATIONAL ACCOUNTS

	1980	1981	1982	1983	1984	1985	1986	1987	Proj 1988	Proj 1989	Proj 1990	Proj 1991	Proj 1992	Proj 1993	Proj 1994	Proj 1995
(In millions of 1984 SBz)																
Gross Domestic Expenditure		436.7	404.4	394.4	434.4	430.5	436.9	486.4	519.2	538.6	559.5	583.2	605.7	627.7	649.3	671.2
Consumption		344.1	342.0	338.8	351.7	351.0	355.5	395.0	415.6	416.5	432.3	454.1	475.2	493.6	509.1	524.7
Public		85.80	92.10	89.29	89.25	93.98	98.30	102.16	109.78	117.95	125.26	131.92	137.81	143.43	149.13	154.80
Private		258.3	249.9	249.6	262.5	257.0	257.2	292.9	305.8	298.5	307.0	322.2	337.4	350.1	359.9	369.9
Gross Domestic Investment		92.6	62.4	55.6	82.7	79.5	81.4	91.4	103.6	122.1	127.2	129.1	130.5	134.1	140.2	146.5
Public		33.80	29.40	26.73	26.70	28.60	27.63	28.98	30.92	32.85	34.81	36.89	39.10	41.43	43.92	46.55
Private		58.80	33.00	28.87	56.00	50.90	53.77	62.4	72.7	89.3	92.4	92.2	91.4	92.7	96.3	100.0
Resource Balance		-58.5	-22.2	-17.4	-46.4	-29.3	-23.4	-50.2	-57.1	-45.2	-35.9	-33.1	-31.9	-30.7	-28.8	-27.2
Exports GNFS		181.20	203.10	213.00	218.6	225.1	248.4	245.1	267.2	311.9	353.3	384.1	406.6	427.3	449.3	470.9
Imports GNFS		239.70	225.30	230.40	265.0	254.4	271.8	295.3	324.2	357.1	389.2	417.2	438.4	458.0	478.1	498.2
Gross Domestic Product (market prices)		378.23	382.16	377.05	388.03	401.27	413.48	436.22	462.11	493.38	523.52	550.07	573.80	596.93	620.49	643.93
Net Factor Payments		-4.06	-10.81	-11.59	-18.60	-20.12	-16.94	-15.01	-19.43	-20.31	-20.33	-22.20	-22.40	-23.51	-23.89	-24.37
Gross National Product		374.18	371.35	365.46	369.43	381.15	396.54	421.21	442.68	473.07	503.19	527.87	551.39	573.42	596.60	619.56
National Savings			33.3	26.7	39.7	43.7	69.7	66.4	82.8	98.3	111.3	116.1	120.5	126.5	131.0	136.5
Public Sector			1.99	-1.98	7.33	10.29	16.72	21.47	24.20	25.73	26.69	27.63	28.68	29.42	30.31	31.04
Private Sector			31.29	28.71	32.38	33.37	52.99	44.97	58.57	72.53	84.57	88.49	91.87	97.09	100.65	105.47
Foreign Savings			29.12	28.87	42.99	35.85	11.69	24.94	20.85	23.86	15.91	12.97	9.91	7.59	9.28	10.00

# BELIZE

## GROSS NATIONAL SAVINGS/GDP (%)



SOURCE: USAID Macro Economic Assessment

February 23, 1989

TABLE 3 B  
BELIZE: NATIONAL ACCOUNTS

	1980	1981	1982	1983	1984	1985	1986	1987	Proj 1988	Proj 1989	Proj 1990	Proj 1991	Proj 1992	Proj 1993	Proj 1994	Proj 1995
(In percent of GDP)																
Gross Domestic Expenditure	115.5	105.8	104.6	112.0	107.3	105.7	111.5	112.3	109.2	106.9	106.0	105.6	105.1	104.6	104.2	
Consumption	91.0	89.5	89.9	90.6	87.5	86.0	90.6	89.9	84.4	82.6	82.6	82.8	82.7	82.0	81.5	
Public	22.7	24.1	23.7	23.0	23.4	23.8	23.4	23.8	23.9	23.9	24.0	24.0	24.0	24.0	24.0	
Private	68.3	65.4	66.2	67.6	64.1	62.2	67.1	66.2	60.5	58.6	58.6	58.8	58.7	58.0	57.4	
Gross Domestic Investment	24.5	16.3	14.7	21.3	19.8	19.7	20.9	22.4	24.8	24.3	23.5	22.7	22.5	22.6	22.8	
Public	8.9	7.7	7.1	6.9	7.1	6.7	6.6	6.7	6.7	6.6	6.7	6.8	6.9	7.1	7.2	
Private	15.5	8.6	7.7	14.4	12.7	13.0	14.3	15.7	18.1	17.6	16.8	15.9	15.5	15.5	15.5	
Resource Balance	-15.5	-5.8	-4.6	-12.0	-7.3	-5.7	-11.5	-12.3	-9.2	-6.9	-6.0	-5.6	-5.1	-4.6	-4.2	
Exports GNFS	47.9	53.1	56.5	56.3	56.1	60.1	56.2	57.8	63.2	67.5	69.8	70.9	71.6	72.4	73.1	
Imports GNFS	63.4	59.0	61.1	68.3	63.4	65.7	67.7	70.2	72.4	74.3	75.8	76.4	76.7	77.1	77.4	
Gross Domestic Product (market prices)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Net Factor Payments	-1.1	-2.8	-3.1	-4.8	-5.0	-4.1	-3.4	-4.2	-4.1	-3.9	-4.0	-3.9	-3.9	-3.9	-3.8	
Gross National Product	98.9	97.2	96.9	95.2	95.0	95.9	96.6	95.8	95.9	96.1	96.0	96.1	96.1	96.1	96.2	
National Savings		8.7	7.1	10.2	10.9	16.9	15.2	17.9	19.9	21.3	21.1	21.0	21.2	21.1	21.2	
Public Sector		0.5	-0.5	1.9	2.6	4.0	4.9	5.2	5.2	5.1	5.0	5.0	4.9	4.9	4.8	
Private Sector		8.2	7.6	8.3	8.3	12.8	10.3	12.7	14.7	16.2	16.1	16.0	16.3	16.2	16.4	
Foreign Savings		7.6	7.7	11.1	8.9	2.8	5.7	4.5	4.8	3.0	2.4	1.7	1.3	1.5	1.6	

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TABLE 4  
BELIZE: BALANCE OF PAYMENTS AND DEBT

	1980	1981	1982	1983	1984	1985	1986	1987	Proj 1988	Proj 1989	Proj 1990	Proj 1991	Proj 1992	Proj 1993	Proj 1994	Proj 1995
(In millions of US \$)																
Exports	109.7	103.2	88.6	93.1	109.3	101.5	116.8	126.5	147.0	174.0	202.8	227.3	249.7	274.2	301.5	331.6
Goods	82.0	74.7	59.8	65.0	72.8	64.5	74.5	86.9	100.7	119.2	137.9	154.8	167.8	180.9	195.0	210.1
Non Factor Services	27.7	28.5	28.8	28.1	36.5	37.0	42.3	39.6	46.4	54.8	64.8	72.5	81.8	93.4	106.5	121.5
Imports	133.0	130.0	107.8	112.5	134.0	128.2	132.0	150.9	167.4	195.9	220.6	242.7	263.4	286.1	314.4	344.8
Goods	120.4	117.5	96.8	99.2	111.3	105.4	108.3	127.0	140.3	165.1	186.7	206.1	223.9	243.2	267.2	293.1
Non Factor Services	12.6	12.5	11.0	13.3	22.7	22.8	23.7	23.9	27.1	30.8	33.9	36.6	39.6	43.0	47.2	51.7
Resource Balance	-23.3	-26.8	-19.2	-19.4	-24.7	-26.7	-15.2	-24.4	-20.4	-21.9	-17.9	-15.4	-13.8	-11.9	-12.9	-13.2
Factor Services	-1.9	-1.9	-4.9	-5.5	-9.3	-9.9	-8.5	-7.8	-10.4	-11.2	-11.5	-12.9	-13.3	-14.4	-15.0	-15.8
Interest on Public Debt	-1.0	-1.3	-1.2	-1.6	-2.8	-5.7	-4.2	-4.8	-8.4	-8.7	-9.0	-9.4	-9.8	-10.4	-11.0	-11.8
Other	-0.9	-0.6	-3.7	-3.9	-6.5	-4.2	-4.3	-3.0	-2.0	-2.5	-2.5	-3.5	-3.5	-4.0	-4.0	-4.0
Transfers	16.5	18.5	10.9	11.2	12.5	19.0	17.8	19.2	19.6	20.0	20.4	20.8	21.2	21.6	22.1	22.5
Current Account Balance	-8.7	-10.2	-13.2	-13.7	-21.5	-17.6	-5.9	-13.0	-11.2	-13.1	-9.0	-7.5	-5.9	-4.6	-5.8	-6.5
Net Public Capital	7.4	13.6	17.4	8.7	15.0	22.5	10.6	8.5	9.7	10.5	10.4	10.4	10.4	10.4	11.4	11.8
Grants	5.5	5.7	7.4	6.9	8.7	9.4	9.7	8.0	7.0	7.0	6.0	5.0	4.0	3.0	3.0	3.0
Disbursements	2.4	8.7	12.4	3.8	8.4	22.3	8.7	9.3	11.5	12.5	13.6	14.9	16.2	17.6	19.1	20.0
Amortization	0.5	0.8	2.4	2.0	2.1	9.2	7.8	8.8	8.8	9.0	9.2	9.5	9.8	10.2	10.7	11.2
Private Capital	3.1	-5.4	-4.7	0.4	-1.0	1.4	6.1	14.3	20.2	8.0	3.7	1.2	-1.2	-3.0	-3.9	-4.5
Change in Reserves (increase-)	-1.8	2.0	0.5	4.6	7.5	-6.3	-10.8	-9.8	-18.6	-5.3	-5.1	-4.1	-3.3	-2.7	-1.7	-0.8
Exports/GDP (%)	62.1	58.3	51.2	52.0	56.3	51.4	56.3	55.8	59.2	64.1	68.6	71.3	73.1	75.1	77.2	79.6
Imports/GDP (%)	75.3	73.4	62.2	62.9	69.1	64.9	63.6	66.6	67.4	72.1	74.6	76.1	77.1	78.3	80.5	82.8
Current Account Balance/GDP (%)	-4.9	-5.8	-7.6	-7.7	-11.1	-8.9	-2.8	-5.7	-4.5	-4.8	-3.0	-2.4	-1.7	-1.3	-1.5	-1.6
Change in Reserves/GDP (%)	-1.0	1.1	0.3	2.6	3.9	-3.2	-5.2	-4.3	-7.5	-2.0	-1.7	-1.3	-1.0	-0.7	-0.4	-0.2
External Debt	49.2	56.6	63.1	68.4	76.0	94.2	96.6	97.1	99.8	103.3	107.7	113.1	119.4	126.8	135.2	144.0
External Debt/ GDP (%)	27.9	31.9	36.4	38.2	39.2	47.7	46.6	42.8	40.1	38.0	36.4	35.5	35.0	34.7	34.6	34.6
Debt Ser./Exports GNFS (%)	1.3	2.0	4.1	3.9	4.5	14.7	10.3	10.7	11.8	10.2	9.0	8.3	7.9	7.5	7.2	6.9
Debt Ser./CG Curr.Rev.(%)			9.1	9.3	10.7	31.5	21.6	22.1	24.7	23.1	21.9	21.0	20.5	20.1	19.8	19.6

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TABLE 5  
BELIZE: EXPORT PROJECTIONS

	1984	1985	1986	1987	Proj 1988	Proj 1989	Proj 1990	Proj 1991	Proj 1992	Proj 1993	Proj 1994	Proj 1995
Exports (1984 mil US \$)												
Sugar	32.5	30.9	34.1	27.3	26.0	27.7	28.5	28.4	28.4	28.3	28.2	28.0
Citrus	9.8	11.5	14.6	17.7	17.7	18.2	22.7	24.8	26.5	28.1	29.8	31.3
Fish	6.7	6.0	5.1	6.3	6.8	7.2	7.7	7.8	8.0	8.2	8.4	8.5
Bananas	3.1	3.0	3.9	6.3	8.0	16.9	20.7	23.9	25.4	27.0	28.6	30.1
Garments	15.6	21.7	22.2	20.3	25.6	30.4	34.8	38.2	38.9	38.9	38.9	38.9
Other	5.1	2.9	3.6	7.8	8.5	9.3	10.2	12.2	14.5	16.2	18.0	19.8
Non Factor Services	36.5	36.6	40.7	36.9	41.1	46.3	52.2	56.7	61.6	66.9	72.7	78.9
Total	109.3	112.6	124.2	122.6	133.6	155.9	176.6	192.0	203.3	213.7	224.7	235.5
Exports Prices (1984=100)												
Sugar	100.0	74.4	92.4	114.6	119.1	115.2	112.8	112.9	111.9	110.6	107.9	105.4
Citrus	100.0	105.2	76.0	90.5	105.8	96.9	100.9	105.4	109.9	114.4	118.8	124.5
Fish	100.0	125.0	144.0	133.9	140.6	147.6	154.9	159.5	165.7	174.0	182.7	195.0
Bananas	100.0	109.0	119.4	115.1	122.4	120.4	121.8	129.0	136.2	143.3	151.9	159.2
Garments	100.0	72.4	73.0	76.8	86.7	91.1	95.5	98.4	102.2	107.3	112.7	124.0
Other	100.0	101.1	103.9	107.4	112.8	118.4	124.2	128.0	132.9	139.6	146.6	146.6
Non Factor Services	100.0	101.1	103.9	107.4	112.8	118.4	124.2	128.0	132.9	139.6	146.6	153.9
Total	100.0	90.1	94.1	103.3	110.1	111.6	114.8	118.3	122.8	128.4	134.2	140.8
Exports (In mill. US \$)												
Sugar	32.5	23.0	31.5	31.3	30.9	31.9	32.2	32.1	31.8	31.3	30.4	29.5
Citrus	9.8	12.1	11.1	16.0	18.7	17.6	22.9	26.2	29.1	32.2	35.4	38.9
Fish	6.7	7.5	7.4	8.4	9.5	10.7	11.9	12.5	13.3	14.3	15.4	16.6
Bananas	3.1	3.3	4.6	7.2	9.7	20.3	25.2	30.8	34.7	38.8	43.5	47.8
Garments	15.6	15.7	16.2	15.6	22.2	27.6	33.2	37.6	39.8	41.8	43.9	48.2
Other	5.1	2.9	3.7	8.4	9.6	11.0	12.6	15.6	19.3	22.6	26.4	29.0
Non Factor Services	36.5	37.0	42.3	39.6	46.4	54.8	64.8	72.5	81.8	93.4	106.5	121.5
Total	109.3	101.5	116.8	126.5	147.0	174.0	202.8	227.3	249.7	274.2	301.5	331.6

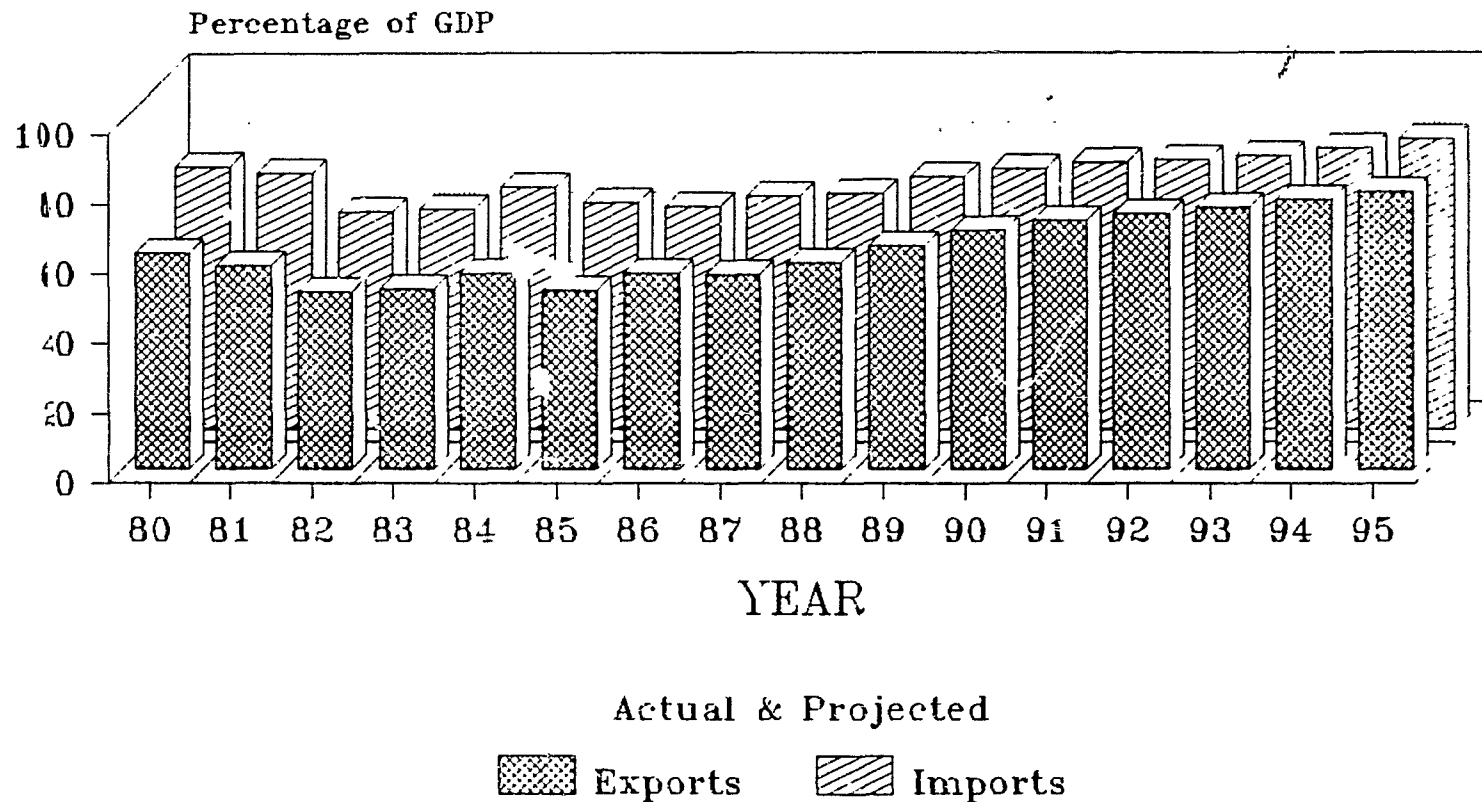
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TABLE 6  
BELIZE: IMPORT PROJECTIONS

	1984	1985	1986	1987	Proj 1988	Proj 1989	Proj 1990	Proj 1991	Proj 1992	Proj 1993	Proj 1994	Proj 1995
Imports (1984 mill. US \$)												
Fuel	19.1	18.0	19.7	18.8	19.9	21.3	22.7	23.9	25.0	26.1	27.1	28.2
Food	28.6	29.2	32.2	33.9	35.6	37.6	39.6	41.3	42.8	44.3	45.8	47.2
Manufactures	15.3	14.5	15.9	18.4	19.9	21.8	23.7	25.3	26.9	28.4	30.0	31.5
Machin. & Transp.	21.4	15.7	17.9	26.3	28.4	31.1	33.8	36.2	38.4	40.5	42.8	45.0
Other	27.8	27.2	27.3	28.1	34.6	41.2	47.7	53.2	56.1	58.4	60.7	62.9
Non Factor Services	20.3	22.6	22.8	22.3	23.7	25.5	27.2	28.7	30.1	31.4	32.8	34.1
Total	132.5	127.2	135.9	147.6	162.1	178.5	194.6	208.6	219.2	229.0	239.1	249.1
Import Prices (1984=100)												
Fuel	100.0	103.6	71.4	84.8	69.0	73.1	75.3	77.1	79.5	82.6	86.9	91.5
Food	100.0	88.0	81.3	84.0	89.4	94.6	97.5	99.8	103.0	107.0	112.6	118.5
Manufactures	100.0	101.1	103.9	107.4	114.3	121.0	124.7	127.7	131.7	136.9	144.0	151.5
Machin. & Transp.	100.0	101.1	103.9	107.4	114.3	121.0	124.7	127.7	131.7	136.9	144.0	151.5
Other	100.0	101.1	103.9	107.4	114.3	121.0	124.7	127.7	131.7	136.9	144.0	151.5
Non Factor Services	100.0	101.1	103.9	107.4	114.3	121.0	124.7	127.7	131.7	136.9	144.0	151.5
Total	100.0	100.8	97.1	102.2	103.3	109.7	113.4	116.3	120.2	124.9	131.5	138.4
Imports (In mill. US \$)												
Fuel	19.1	18.6	14.1	15.9	13.8	15.6	17.1	18.4	19.9	21.5	23.6	25.8
Food	27.0	25.7	26.2	28.5	31.8	35.6	38.6	41.2	44.1	47.4	51.5	55.9
Manufactures	15.2	14.7	16.5	19.8	22.8	26.4	29.5	32.4	35.4	38.9	43.1	47.8
Machin. & Transp.	21.3	15.9	18.6	28.2	32.5	37.7	42.1	46.2	50.6	55.5	61.6	68.2
Other	27.2	27.5	28.4	30.2	39.5	49.8	59.4	67.9	73.9	79.9	87.4	95.4
Adjustment	1.5	3.0	4.5	4.5								
Non Factor Services	22.7	22.8	23.7	23.9	27.1	30.8	33.9	36.6	39.6	43.0	47.2	51.7
Total	134.0	128.2	132.0	150.9	167.4	195.9	220.6	242.7	263.4	286.1	314.4	344.8
Terms of Trade (1984=100)	100.0	89.4	96.9	101.0	106.6	101.7	101.2	101.7	102.2	102.7	102.1	101.7

# BELIZE

## Growing Trade, Growing Economy Exports/Imports as Percentage of GDP



SOURCE: USAID Macro Economic Assessment

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February 21, 1989

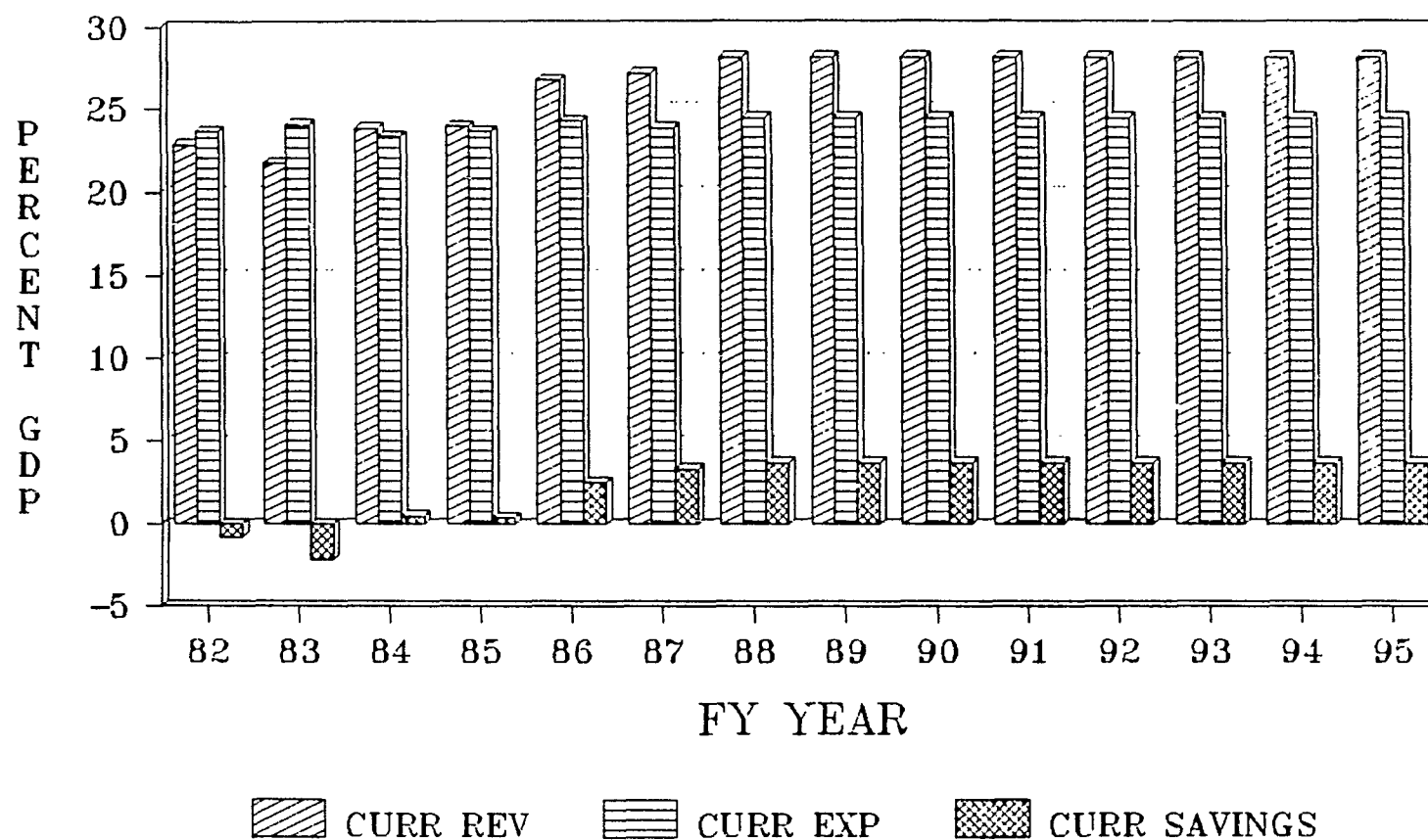
TABLE 7 B  
BELIZE: CONSOLIDATED NONFINANCIAL PUBLIC SECTOR OPERATIONS

FY beginning April 1	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
(In percent of GDP)														
Cen. Govt. Revenue	22.8	21.7	23.8	23.9	26.7	27.1	28.1	28.1	28.1	28.1	28.1	28.1	28.1	28.1
Cen. Govt. Current Expenditure	23.6	24.0	23.3	23.6	24.2	23.8	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4
Cen. Govt. Current Surplus	-0.8	-2.2	0.5	0.3	2.5	3.3	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Social Security Current Surplus	1.3	1.4	2.3	2.2	2.1	1.9	1.7	1.6	1.5	1.4	1.4	1.3	1.3	1.2
Public Enterprise Current Surplus	-0.8	-1.2	0.7	2.4	3.5	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Public Sector Savings	-0.3	-2.1	3.5	4.9	8.1	7.8	8.1	8.0	7.8	7.8	7.7	7.7	7.6	7.5
Capital Expenditure	13.3	10.3	9.5	9.7	10.2	13.1	10.5	10.4	10.4	10.5	10.6	10.8	11.1	11.3
Central Government	7.9	6.8	7.0	7.2	6.6	6.8	6.8	6.7	6.7	6.8	6.9	7.0	7.2	7.3
Social Security	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Public Enterprise	5.3	3.4	2.5	2.5	3.6	6.2	3.6	3.6	3.6	3.6	3.7	3.8	3.8	3.9
Deficit Before Grants	-13.6	-12.4	-6.1	-4.8	-2.1	-5.2	-2.4	-2.4	-2.5	-2.7	-2.9	-3.2	-3.4	-3.7
Grants	4.9	4.5	2.2	2.1	3.3	2.3	1.9	1.6	1.3	1.0	0.7	0.5	0.5	0.5
Overall Deficit (commitments)	-8.7	-7.9	-3.9	-2.7	1.2	-2.9	-0.5	-0.8	-1.2	-1.7	-2.2	-2.6	-2.9	-3.3
Change in arrears	0.1	1.1	-0.1	-1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing (net)	8.6	6.8	4.0	3.7	-1.2	2.9	0.5	0.8	1.2	1.7	2.2	2.6	2.9	3.3
External	4.9	2.3	3.2	4.0	1.6	5.0	1.2	1.4	1.6	1.8	1.9	2.1	2.2	2.1
Domestic Financing	3.7	4.5	0.7	-0.3	-2.8	-2.1	-0.6	-0.6	-0.3	-0.1	0.2	0.5	0.8	1.2
Banking System	4.0	4.3	2.2	-0.4	-2.6	-2.1	-0.6	-0.6	-0.3	-0.1	0.2	0.5	0.8	1.2
Other	-0.3	0.2	-1.5	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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# Government of Belize

## Revenue, Expenditure & Savings

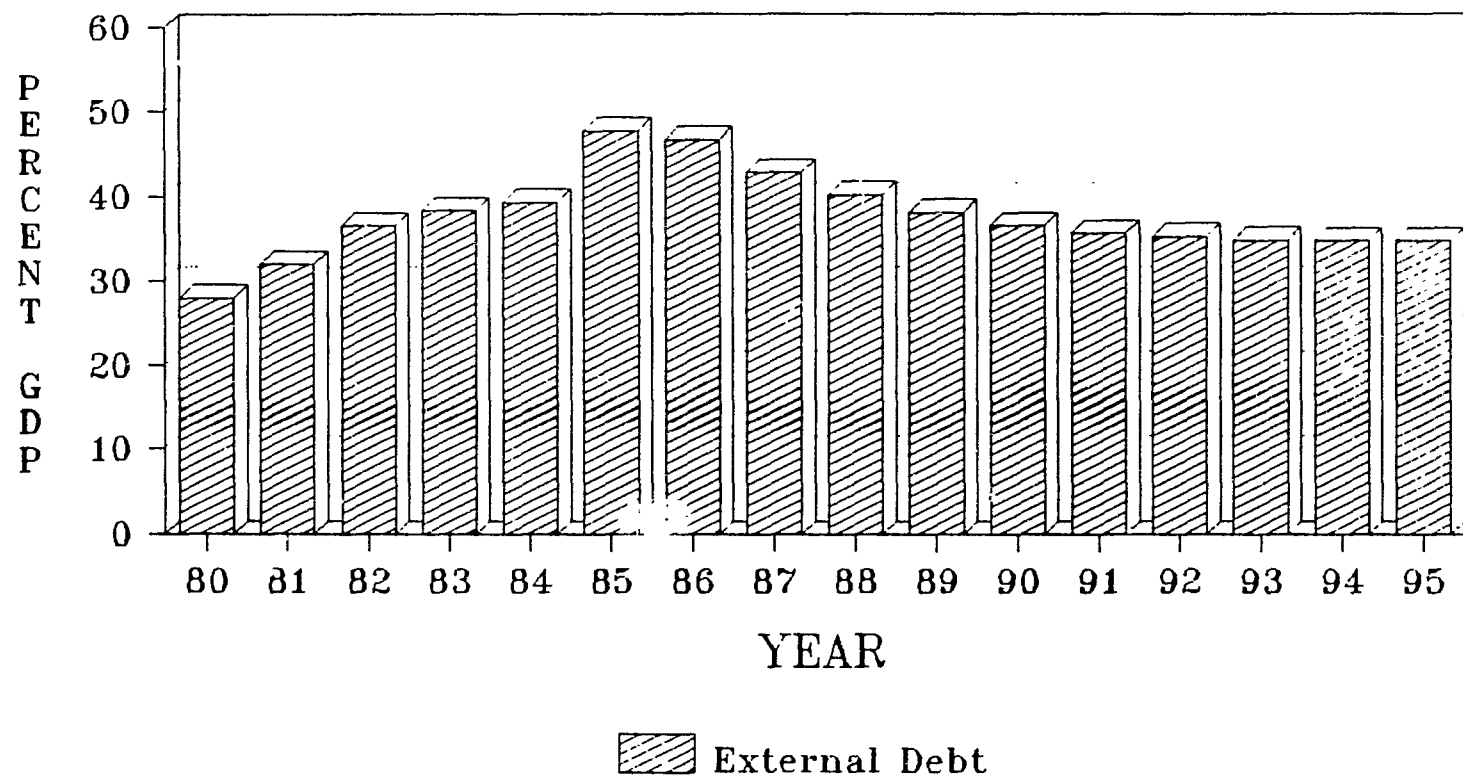


SOURCE: USAID Macro Economic Assessment

# GOVERNMENT OF BELIZE

## EXTERNAL DEBT

Actual & Projected



SOURCE: USAID Macro Economic Assessment

February 21, 1989

TABLE 8  
BELIZE: BANKING SYSTEM OPERATIONS

	1982	1983	1984	1985	1986	1987	Proj 1988	Proj 1989	Proj 1990	Proj 1991	Proj 1992	Proj 1993	Proj 1994	Proj 1995
(In millions of \$Bz)														
International Reserves (net)	19.3	10.1	-5.0	7.5	29.1	48.7	85.9	96.5	106.7	114.8	121.4	126.8	130.2	128.4
Net Foreign Liabilities of Comm. Banks	33.2	28.7	22.1	21.3	11.4	11.1	13.1	14.3	15.6	16.8	18.0	19.3	20.6	22.0
Domestic Credit	148.6	171.1	190.3	186.2	173.4	188.7	180.1	196.4	214.7	233.5	253.9	277.5	304.2	335.2
Credit to Public Sector	45.2	62.6	70.7	68.3	60.5	45.9	-9.9	-13.2	-15.4	-16.1	-15.1	-11.7	-6.2	2.5
Credit to Private Sector	116.2	124.1	135.8	127.0	126.5	156.2	211.0	230.6	251.1	270.7	290.0	310.2	331.4	353.7
Official Capital & Residual	-12.8	-15.6	-16.2	-9.1	-13.6	-13.4	-21.0	-21.0	-21.0	-21.0	-21.0	-21.0	-21.0	-21.0
Liabilities to Private Sector	134.7	152.5	163.2	172.4	191.1	226.3	252.9	278.6	305.7	331.6	357.3	385.1	413.8	441.6
Liabilities/GDP	0.389	0.426	0.421	0.437	0.461	0.499	0.509	0.513	0.517	0.520	0.523	0.527	0.530	0.530
Credit to Pri. Sector/GDP	0.335	0.347	0.350	0.322	0.305	0.344	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425
Domestic Credit (% change)		0.15	0.11	-0.02	-0.07	0.09	-0.05	0.09	0.09	0.09	0.09	0.09	0.10	0.10
Credit to Public Sector		0.38	0.13	-0.03	-0.11	-0.24	-1.22	0.33	0.17	0.05	-0.07	-0.22	-0.47	-1.40
Credit to Private Sector		0.07	0.09	-0.06	0.00	0.23	0.35	0.09	0.09	0.08	0.07	0.07	0.07	0.07
Liabilities to Private Sector (% change)		0.13	0.07	0.06	0.11	0.18	0.12	0.10	0.10	0.08	0.08	0.08	0.07	0.07

TABLE 9  
BELIZE: EMPLOYMENT, LABOR FORCE PARTICIPATION AND UNEMPLOYMENT  
(in thousands)

	1960	1970	1980	1983	1984	1985	1986	1987
Total Population	91.0	120.0	145.0	157.0	161.0	165.0	169.0	173.5
Females	46.0	60.0	73.0	79.6	81.2	83.4	85.6	87.9
Males	45.0	60.0	72.0	78.4	79.8	81.6	83.4	85.6
Population at working age	46.3	55.6	71.5	78.2	80.5	82.8	85.0	87.3
Females	23.7	27.8	35.1	38.3	39.4	40.6	41.5	42.6
Males	22.6	27.8	36.4	39.9	41.1	42.2	43.5	44.7
Economically active pop	27.0	33.3	46.4	50.7	52.2	53.7	55.1	56.6
Females	4.9	6.0	10.6	16.5	17.0	17.5	17.9	18.4
Males	22.1	27.3	35.8	34.2	35.2	36.2	37.2	38.2
Employment	24.9	31.5	39.8	43.5	44.9	45.6	46.8	48.1
Females	4.5	5.9	8.0	12.4	12.9	13.1	13.4	13.8
Males	20.4	25.5	31.8	31.1	32.0	32.5	33.4	34.3
Labor force participation (in %)	58.3	59.9	64.9	64.8	64.8	64.9	64.8	64.8
Females	20.7	21.6	30.2	43.1	43.1	43.1	43.1	43.2
Males	97.8	98.2	98.4	85.7	85.6	85.8	85.5	85.5
Unemployment (in %)	-7.8	-5.4	-14.2	-14.2	-14.0	-15.1	-15.1	-15.0
Females	-8.2	-1.7	-24.5	-24.8	-24.1	-25.1	-25.1	-25.0
Males	-7.7	-6.6	-11.2	-9.1	-9.1	-10.2	-10.2	-10.2

Source: Central Statistical Office, Ministry of Economic Development

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